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PROCEEDINGS

QUÉBEC HOUSING MARKET OUTLOOK FOR 1992

PLANNING FOR SUSTAINABLE DEVELOPMENT

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QUÉBEC HOUSING MARKET OUTLOOK FOR 1992

PLANNING FOR SUSTAINABLE DEVELOPMENT

Montréal, December 1991

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Cette publication est également disponible en français sous le titre:

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Des plans d'avenir pour un développement durable

Actes

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QUÉBEC HOUSING MARKET OUTLOOK FOR 1992

PLANNING FOR SUSTAINABLE DEVELOPMENT

Montréal, December 1991

PROCEEDINGS

Foreword

The second Québec Housing Market Outlook conference was held on December 11, 1991 in Montréal. The conference was an initiative of Canada Housing and Mortgage Corporation, and its subject was sustainable development. Six speakers from different spheres of the housing field presented their perceptions of the housing market in Québec in 1992 to an audience of about 120 representatives from all the major constituents of the housing field. In the course of their presentations, they identified promising avenues to explore in the short and medium term to achieve sustainable development. The conference was organized so as to encourage discussions with and among the participants.

As an initial follow-up to "Québec Housing Market Outlook in 1992, Planning for Sustainable Development", CMHC is publishing the proceedings of the conference.

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CHMC and Sustainable Development

In view of the importance of housing in improving the overall sustainability of Canadian cities, CMHC is inescapably involved in the development of more durable development schemes.

As a Crown corporation, CMHC is in a position to influence the development of policies and programs to support sustainable development in the business sector as well as the government sector.

As the federal government's housing agency, active in research and development, CMHC is well situated to promote more sustainable communities in Canada.

Tthe role of CMHC is to increase the understanding and commitment of individuals, charitable organizations, companies, institutions, and governments.

CMHC's current involvement in sustainable development

The achievements of CMHC in support of the private housing market and policies of equity and social justice have, for the past 45 years, had a major impact on the way most Canadians live.

Today, however, it is clear that housing policy cannot be limited to providing a sufficient number of adequate housing units for Canadians in all income brackets. More stress must be placed on factors that affect housing, in particular the economic, physical, social and natural environment.

In view of this new concern, it is important for CMHC to focus on activities that reflect the relationships between housing, the community, and the environment, on a national and international scale.

For instance, ACT (Affordability and Choice Today), a nation-wide program administered by the Canadian Federation of Municipalities and supported by CMHC, is intended to make housing more affordable by encouraging innovative approaches, particularly through reform of municipal by-laws.

CMHC also conducts and funds many research projects on the environment. Some examples of the topics under study are:

- energy intensity of construction materials
- conservation of residential water
- heat pumps using the ground as a heat source
- integrated community energy systems
- community environmental management plans
- risks related to climate changes, radon, and contaminated soil

The search for practical approaches on which to base the change to sustainable development represents a major priority for CMHC. This is the context in which the December 11 meeting is being held.

What are the goals and challenges of the December 11 meeting?

First, getting an accurate picture of the medium and long term economic situation in the housing field. The three invited experts represent major components of the housing industry: financial institutions, construction industry associations, and government agencies. These economists will have the task of communicating their perception of the economic context that will prevail in Quebec in the coming year.

They will also be prepared to answer questions and discuss organizational proposals that can be implemented in the short term to make sustainable development a reality. Examples of such proposals are: improving funding sources and mechanisms, amending municipal by-laws, and managing construction waste.

Next, sharing experiences in sustainable development with experts from three major organizations: CMHC, which has a social vision of development; INRS-Urbanisation, which can present the results of field research it has conducted in Montreal; and the Planning Department of the Montreal Urban Community, whose approach is based on renewal of the housing stock.

The greatest challenge is addressed to the participants themselves. The subject of sustainable development will be discussed before an audience from diverse backgrounds, whose common denominator is that they are all decision-makers in their respective fields, which include financial institutions, large businesses, municipalities, universities, and construction and real estate associations.

In addition to listening to and assimilating new planning tools, the audience will be called upon to ask themselves questions, to react, and to suggest realistic solutions that lead toward sustainable development.

Challenges for the housing industry

For the housing industry, the challenges include social, economic and environmental problems that require immediate practical solutions.

- On the economic level, housing is an important, even a critical sector. The housing industry has not properly taken long-term environmental considerations into account in its cost/benefits ratios.

  The main challenge to builders is to see to it that future planning demonstrates greater environmental responsibility without reducing the capacity to provide housing for Canadians in all income brackets which is adequate in scale and quality. Lending institutions will have to develop new financing tools that meet the need for affordable housing. Municipalities will have to rethink their by-laws and find measures to combat the aging of the housing stock.

- On the social level, housing influences the overall health, satisfaction, and prosperity of the population. In the past, the poor state of housing and the resulting social repercussions have impelled CMHC to work actively to improve the general quality of housing.

  Today, the main challenge for the housing industry is ***to react to rapid changes in demographic factors, for example the aging of the population and the decrease in the size of households. The industry must also take into account changes in society's attitudes, perceptions, and values.***

- On the ecological level, housing has contributed to a large extent to the ever-increasing pressure on the natural environment, particularly natural resources: energy, land, and water. The challenges in this area are pressing and numerous.

  - ***The use of water by municipalities seems to be on the increase.*** A third of Canadians, moreover, live in municipalities which still have no waste water treatment.

  - ***Housing has a major effect on the size of the surface area occupied by cities and towns, and puts pressure on agricultural land which otherwise would remain a renewable resource.*** In total, over 50% of the total area in Canadian towns and cities is devoted to residential use, mainly consisting of isolated single-family houses in suburban areas; in addition, this type of land use, and the shopping centres that also depend on the automobile, require thousands of kilometres of roads.

- ***Real energy costs*** related to our living environment, including construction, renovation, maintenance, demolition, the construction materials used, the linear infrastructure, and transportation, give Canadians the dubious honour of being the largest energy consumers per capita in the world.

- Finally, ***housing represents a major factor in the problem of municipal waste*** caused by the construction industry, which accounts for 16% of such waste.

In light of these potential repercussions, all sectors of the economy must explore ways in which the principle of sustainable development can be applied in their area of authority, and commit themselves to that goal.

If a house is viewed as a system that fits into the much larger system represented by the community, the challenge of sustainable housing can be considered to consist of two parts: the first involves developing housing that is more favourable to the environment; the second means placing such housing in the much broader context of the community as part of a long-range process of urban planning and development.

As we attempt to deal with the challenge of sustainable development, three underlying principles should guide our actions:

- We must immediately discipline ourselves to take a new look at our way of doing things and question our attitudes to the unavoidable changes the future will bring.

- We must learn to live within our ecological means and restructure the economy on the basis of new technologies that favour the environment.

- We must make an effort to simplify regulations and coordinate measures at the many levels of decision-making and in all sectors of the housing industry.

BIOGRAPHICAL NOTES

GÉRARD DIVAY

Gérard Divay joined INRS-Urbanisation in 1972 as research professor and in that capacity has conducted various studies on housing, urban development and municipal services. In 1982, he became head of the Policies and Programs sector of the Assistant Deputy Minister's office, Ministère de l'Habitation et de la Protection des consommateurs. In 1984. he became director of the Planning and Environmental Evaluation sector, and was responsible for environmental assessment of large-scale projects, intergovernmental relations, and paving the way for environmental management. Since 1989, Mr. Divay has been director of the Planning Department of the Montreal Urban Community. As such, he oversees the administration and review of the urban plan, the study of MUC-related issues, and the acquisition, development and management of regional parks.

FRANÇOIS BERNIER

The holder of a master's degree in applied economics from the École des Hautes Études Commerciales, Mr. Bernier acquired experience as an economist with the National Bank. In 1988, he joined the Provincial Home Builders Association of Quebec; he is currently Director of Research for the Association, as well as General Manager of the Société québécoise des manufacturiers d'habitation, which is affiliated with the Association.

GILLES SOUCY

Gilles Soucy received a bachelor's degree in economics from Université de Montréal in 1969, and completed a master's in economics at the University of Ottawa in 1973. After working with Statistics Canada and the Department of Finance Canada, he joined Confédération des caisses populaires et d'économie Desjardins in 1979 as senior economist. In 1985, he was promoted to Coordinator and Division Manager, Economic Analysis. Mr. Soucy is currently Director and Chief Economist for the Economic Analysis division of the Planning Department, a position he has held since 1987. In this capacity, Mr. Soucy is responsible for evaluating the performance of the Desjardins network on the savings and credit markets in Quebec and Canada. He is in charge of the production of periodicals on the economic and competitive position of Mouvement Desjardins for distribution both inside and outside the Mouvement.

ANH TRINH

After working for three years with the Economic Council of Canada on the construction industry, Anh Trinh joined the national office of Canada Mortgage and Housing Corporation in Ottawa as Senior Economist.

He has held the position of Coordinator, Economic andMmarket Analysis with the CMHC Québec regional office since 1980. Mr. Trinh has carried out numerous studies on the housing market and is considered to be an authority in this field.

ROBERT LAJOIE

Robert Lajoie joined Canada Mortgage and Housing Corporation in 1977, at a time when urban renewal often spelled the disappearance of old neighbourhoods. Since then, Mr. Lajoie's intense interest in sustainable development and the preservation of the existing housing stock for the most vulnerable segment of Canadian society has been an important influence in CMHC's support in these areas.

Since joining CMHC, Robert Lajoie has held gradually higher positions in many of the Corporation's sectors, among them social housing, loans and strategic planning. For a time, he was also assigned to the Ministry of State for Social Development, where he worked as Senior Analyst on questions of policy. Mr. Lajoie is currently Senior Vice-President, Policy, Research and Communications at CMHC.

MARCEL GAUDREAU

Marcel Gaudreau received a bachelor's degree in sociology from Université de Montréal in 1963 and completed a master's in urban planning in 1965. From 1967 to 1970, he held the position of Socio-Economic Planning and Research Officer with the Direction générale de la planification, Ministère des Affaires municipales in Quebec City. He joined INRS-Urbanisation in 1970 as Research Assistant and in 1973 was promoted to Researcher.

Marcel Gaudreau has published a number of articles on various topics including *"The urban environment, a conservation and environmental strategy for Quebec,* and *Viable urban development for Montréal.* He also spoke on the problems and issues involved in integrated planning of the Greater Montreal area at the urban planning and development conference during the ACFAS annual convention in 1989.

LOUISE ROY

From 1981 to 1986, Louise Roy was Commissioner and Vice-Chairwoman of the Bureau d'audiences publiques sur l'environnement. She participated in and presided over several commissions of inquiry including one on stabilization of the shores of Lac Saint-Jean. In 1986, she became chairwoman of the Bureau d'évaluation environnementale of the Quebec City urban community, which was responsible for analysing the community's water treatment program and consulting the public on the question.

Since 1987, Ms. Roy has worked as an environmental and public affairs consultant. She is interested in prevention and management of environment-related conflicts as well as practical application of the concept of sustainable development to the management of businesses and administration of municipalities.

Profile of Participants

Builders and association representatives	10%
Lending institutions	27%
Real estate boards and realtors	12%
Municipal development and urban planning departments	23%
Large utility companies	3%
Professional associations	2%
Universities	1%
Consultants	3%
Information media	11%
Other	8%

SUMMARY OF SPEECH

Increasing Market Opportunities by Accelerating the Transition to Sustainable Development

Gérard Divay

Sustainable development is based on a very simple idea: we can simultaneously increase our standard of living and preserve the quality of the environment by better integration of society and greater social equity. It is a simple idea, but it is also a new idea which should lead to radical changes in all spheres of activity. In some domains, these changes are already under way. For example, the industrial sector, after vainly attempting to evade environmental problems, has finally opted for a complete revision of its procedures. Companies have modernized, they have become more profitable, and the environment, once perceived as a constraint, has turned into an economic opportunity for many of them.

In my opinion, we are not to that point yet in the housing sector or in the urban environment. The environment is managed in a fairly traditional way, like a sector apart. And this is leading nowhere--except toward still more exorbitant budgets. We should instead choose a different way of constructing our homes and our cities. What would a city that has achieved sustainable development look like? To inspire our imagination, let's say that such a city would resemble a space station, operating as a self-sustaining unit and observing a certain number of development criteria.

The first criterion to be observed is maintenance of the environment's capacity to support development. This means first of all preserving air quality. And if, in the course of development, asphalt and concrete are added, it means making sure to maintain natural productivity. Similarly, if we encroach on certain lands, it will be necessary to maintain the quality of the biomass and all the beneficial functions that result from it. The second criterion deals with energy. Ideally, the aim would be energy self-sufficiency. That of course means reducing our current overconsumption, but it also means remaining alert to all the energy potential offered by the urban environment. I am thinking in particular of the systematic recovery of heat, as in some of the new production methods (cogeneration, solar collectors, etc.). Consistent appreciation of diversity constitutes a third criterion. Ecologists have taught us that the most resistant ecosystems are also the most diversified. Translated into the urban environment, this lesson invites us to reconsider a mixture of functions in all sectors of our cities. Another important criterion is that there can be no development without some basic minimum of solidarity and integration. Whether on a worldwide or local scale, poverty is often one of the main causes of deterioration of the environment. Other criteria refer more directly to the habitat. First, the maximum amount of natural elements: vegetation, sunlight, earth, soil. We must revise our attitudes, become more spontaneous, once again find a more direct contact with the earth and the water. The air quality inside our homes is also emerging as an important criterion. Finally, we cannot neglect reduction of water and energy consumption, systematic recycling of waste and construction materials, etc.

When can we hope to have cities that are in an environmental state of grace, in a state of viable development with regard to the habitat? At the current rate, it will probably take a century, or perhaps a half-century. But what would happen if we collectively decided to try to turn things around within a generation? In that case, we would have 50,000 dwellings to renovate each year, which clearly would provide many, many job opportunities in the fields of insulation, ventilation, electrical installation, and water supply. It represents an extraordinary challenge. The question to ask ourselves is how the process can be accelerated. The state of public finances does not allow us to count on large-scale government projects, but I am convinced that the market is capable of generating such a demand. The technological basis already exists, the labour force is available, and the population shows an inclination to take real measures

in favour of the environment. In addition, public expenditures for the environment are rapidly increasing, encouraging the authorities to take preventive measures. If we consider cost-effectiveness from an individual standpoint and also in terms of public benefit, I think that it is possible to direct the mechanisms of the marketplace toward renewal of more and more housing in accordance with the imperatives of viable development. And we will have not only improved our environmental performance but also supported the growth of employment.

We can either go on talking about viable development, or we can roll up our sleeves and get to work. If we opt for the latter, we can live better, thanks to a stimulated economy and a more healthful environment. In the medium term, speeding up the transition to viable development should be profitable for everyone.

TEXT OF SPEECH

GERARD DIVAY

The object of this presentation is to make a link between what might be called long or very long term perspectives and immediate short term concerns, and to increase market opportunities in the short term by speeding up the transition to viable development.

First a few words on viable development. I will not give a long scholarly definition, just to show that this increasingly popular concept is a very simple idea. It's an idea which is new but not self-evident. In my view, a society enjoying viable development is simply one in which living standards can rise without harming the environment, a state of affairs that calls for a basic minimum of integration and social equity. That is the general message the Brundtland Commission gave the world with its report entitled "Our Common Future". It's possible to have development, and it's possible for development not to cause environmental damage. To achieve this, we must change our development ways and have basic equity at the national and international levels. So it's a very simple idea. It's a new idea, not just because it hasn't been around for long (maybe four or five years), but because it portends profound and maybe even radical changes to our ways of doing things in all areas of activity. And it must be stated that even though the idea is relatively new, the housing and urban planning sectors have already fallen considerably behind compared to what is happening in other fields. Other sectors of society have responded much more quickly to the demands of viable development.

We can, for example, make a comparison with industry. In the 1970s and 1980s, when environmental concerns became increasingly widespread in the industrial sector, they were initially seen as an added cost constraint. Problems were addressed by saying, fine, we'll put a few air filters in the chimney stack, install anti-pollution equipment on effluent outlets, we'll have done our good deed for the environment and that's an end to it. But governments and industry realized very quickly that this approach went nowhere. It only led to eventual financial difficulties because the costs involved were too high.

During the 1980s, industry rapidly developed an entirely different approach to the environment. This involved thoroughly reviewing all operations, including everything that went into the plant and the entire manufacturing process, to determine what changes could be made to reduce air and water pollution and solid waste. At every stage, what happened was very simple. By taking this approach, companies modernized and became more profitable. The environment, previously perceived as a constraint, became instead an economic opportunity in many cases.

I do not believe we have reached this stage in the urban planning and housing fields. The environment is still a matter of end-of-the-pipe treatment in our waste water treatment plants. As far as air pollution is concerned, there are a certain number of regulations which have been effective, but we still take the traditional approach of considering the environment a sector apart, to be tackled in isolation with special equipment. That will get us nothing except exorbitant budgets. We must do in urban planning what industry has done. Do things differently with our housing, our residential neighbourhoods, and our cities to give us a quality environment that should also be less expensive.

This is part of the challenge of viable development as applied to the urban environment. Let's try to see how a city, an urban population centre, would be doing things differently if it were engaged in viable development and in a state of environmental grace, so to speak. There are several criteria, which I would like to review briefly. Just to give you an idea and maybe also to shock and prod the imagination, we might say that a viably developing population centre as an ultimate ideal – it would take a few decades to come about in practice – in the 21st century might resemble an orbiting space station, in other words, a self-con-

tained unit. Fortunately, we won't have the drawbacks of living in space. There are easier ways to do things, but they call for a certain number of criteria. I will list three or four of them.

The first is that urban growth must respect the environment's capacity to support it. There are many implications and ramifications here. To name a few, our environment must have the capacity to support the functioning of the city and its people. This means there must be clean air. Fortunately, our urban centres do not have the insurmountable air quality problems that we find in other cities around the world. We only have to think of Mexico City or Athens for proof that development must be in accordance with what the environment can bear, that there are certain kinds of urban growth which do not necessarily go hand in hand with breathable air, with air that is not harmful to health. This can also mean that when we develop cities and cover the ground with asphalt and concrete, we should not diminish natural productivity, the productive capacity of plant life. Even if we encroach on some of the land, there are possible ways to improve the quality of the remaining land so that we have an overall quantity of plant life -- green matter that experts call biomass -- with all the resulting benefits.

The second possible criterion, and there are several ways to frame it, involves energy efficiency, reduced energy consumption, and ultimately an ideal of energy self-sufficiency. This means we must consume much less energy in everything we do, and God knows that Canada is a super-high consumer of energy compared to Europe and many Third World populations. But it also means being on the lookout -- a much less appreciated practice -- for all energy production opportunities, heat recovery systems, and possibilities such as co-generation or new methods, some already in the experimental stage, for harnessing solar energy.

The third criterion for viable development involves valuing diversity in everything we do. This is a big lesson that ecologists are teaching the world, including the world of urban development. In nature, zones or ecosystems with the greatest species diversity are the most viable, the most resistant to all kinds of disease, and the most able to regenerate. There is an important lesson here, which has major implications for urban development. We generally build cities where diversity exists up to a point, when the overall area is considered. But entering specific areas, one is struck not by diversity but rather by a form of systematic specialization. In one corner, there are homes and nothing else; in another corner industry and nothing else, or maybe government buildings, and so on. We should start looking again at mixed use zones with their many positive benefits, benefits that go beyond reductions in travel time.

The last criterion involves the social dimension, and I will just make a quick reference to it here because another presentation on the subject will follow. There can be no development without a basic minimum of solidarity and integration. This is true on a world scale. The Brundtland Report demonstrated clearly the point to which under-development and poverty are major causes of environmental destruction in some countries. Analogies can be drawn with some neighbourhoods in North American population centres.

Now to take a closer look at housing. If we want to bring viable development into the realm of urban planning, we must pay attention to a number of factors concerning housing and the habitat. At the level of the habitat, of residential areas in general, the first major criterion is a maximum presence of natural elements. We have tended to revel in creating urban and suburban districts with very little vegetation or natural elements. Trees are beautiful and we plant a few, but trees have other functions than just improving the view. As for the sun, we give it some thought. Although century-old city planning manuals tell us to pay attention to the positioning of buildings, one only has to look at developments over the last thirty years to see what influence this has had. There are good examples, but there are

many cases where it was neglected entirely. And water -- it's a basic natural element, but don't look for it in cities. Our attitude towards water is a striking example of our phobia about natural elements. Trees are fine, but we don't want anything to do with water. Whenever a puddle of water appears, there are problems. Please pipe it away and get it out of our sight. This attitude towards natural elements must be re-examined. Earth, direct contact with the soil, is fine as long as it is covered by a well-manicured lawn. But nature is not quite like that; it is more diverse, more spontaneous. Contact with the earth is an important element and, indeed, a major attraction of the single family home. We must find new ways to have direct physical contact with the earth. There are many community gardens in the city which are prime examples, but much more can be done in some urban developments.

Hence, we need a maximum presence of natural elements, a reduction in energy consumption and related pollution (here one thinks of transportation and the location of residential neighbourhoods in relation to commercial and working areas), and treatment of run-off water. I have spoken about our attitude towards water. It is not obvious that the best way to handle run-off water, which is at least as polluted as waste water, is to send it into the sewer pipes. Again there are good examples, even in our own metropolitan areas, but they are not widespread. There is also the habitat, diversity, especially in housing, and all sorts of other factors to be taken into account.

One emerging issue, whose magnitude is not yet clear, is indoor air quality. We know that in designing buildings, there are trade-offs between insulation and desirable air quality. This is becoming a major concern. We are starting to hear about the possible effects of air quality in office buildings. If we look at international developments, indoor air quality in all buildings is becoming an essential environmental concern. There isn't time to go into it here, but the topic has many consequences for our choice of materials, type of ventilation, etc.

At the level of housing, there is obviously reduction in water and energy consumption, garbage re-cycling, construction materials -- here there are Canadian experiences of interest -- and the amount of garbage generated in terms of social acceptability.

These are all areas in which things must be done, and done differently, if we are serious about wanting viable development. In this context, the behavior of consumers and producers of housing is just as important as market mechanisms. We can hope to move towards viable development only if we realize it will be neither spontaneous nor natural. Just look at the size of our housing stock -- some 1.2 million units. If we rely on a spontaneous and natural pace of renovation, try to calculate how many decades it would take to make over our entire housing stock to reduce water and energy consumption. A half-century, a century?

If we were to say, "Viable development is a good idea, let's go faster", then it could take 20-25 years at a rate of 50,000 units a year refitted in different ways: insulation, electrical systems, water supply systems. Do some arithmetic. How much do 50,000 dwellings represent in the way of toilets, electrical installations, square feet of windows, insulation? Look at the job opportunities involved in producing all these components in the city. This may be an extraordinary challenge. The problem is knowing how to accelerate the pace of renovation in a market setting. These days we cannot count much on major government programs. Everyone knows the shape of public finances. Still, I am convinced that there is a way to influence market mechanisms. The market itself is capable of generating this demand. So it is possible, even if more research and development are needed on certain aspects of technology and technical capacity, to go with housing that meets viable development criteria. A 50% reduction in energy consumption is possible, as is a 50% reduction in water consumption. There are systems now on the market, but which are unfortunately not made in large quantities in Québec. We have the technology. Where we must build

is in the area of manpower and entrepreneurship -- a subject that one of my colleagues will address today -- and this should not be a problem, given the current employment situation in the metropolitan area.

So, how do we create the right market conditions? Essentially by motivating property owners, both apartment building owners and homeowners. There is currently a good pool of interest. Many people want to do their part for the environment. They want to act, not just hear more speeches on the subject. There are all sorts of possible actions. Just look at how eagerly people are taking to various recycling programs, how ready they are to act. How do we get them to pay to improve the quality of their dwellings? This is the question we must ask, and I think we can do it because there are financial returns, both individually, in the form of lower energy and other bills, and collectively, when we consider the state of municipal finances, and the fact that in many municipal budgets, so-called environmental expenses are rising significantly for waste water treatment and even for drinking water.

Recent newspaper articles have shown that Québec has big steps to take in this area. This means a cost to the taxpayer. All measures that promote viable development of housing and neighbourhoods will automatically bring about medium-term reductions in public expenditures. If we consider the financial gains for both individual households and governments, I think we can find a way to shape and direct market mechanisms so that more and more dwellings are renovated, in one way or another, to meet the standards of viable development. By doing so, and this is obvious to me, the major positive outcome will be not only improving our environmental performance, but also significantly increasing employment in the construction industry overall and in renovation specifically.

Regarding viable development, we have a simple choice between talking about it -- and God knows we have been doing that in Québec and just about everywhere else in the world for the past five years -- and saying that one day it will happen, or rolling up our sleeves and coming up with major initiatives, such as Hydro-Québec is doing for energy saving, in a wider context of actions that everyone can participate in. At that point, viable development will begin, market opportunities will multiply, we will live better because there will be more jobs, and from an overall environmental standpoint, we will be much more effective. I think that is the challenge, to see how we can speed up this transition to viable development, because I am convinced that everyone -- property owners, the construction industry and the taxpayer -- will benefit in the medium term.

SUMMARY OF SPEECH

Planning the Future

François Bernier

The goal is to maintain a balance between economic development and the environment. Insofar as sustainable development involves additional costs for living accommodations, it is important to leave the consumers who must assume these costs enough leeway. For the industry to respond to a demand for housing that is more environmentally sound, this demand must first be seen to exist, and the product offered must then correspond to the consumers' ability to pay for it. I would like to bring up the matter of the Québec sales tax here. This tax means an increase of 3% in the price of new houses and an increase of 5% or 6% in the cost of renovations. Even if it was adopted from the purest motives, the QST limits the consumer's spending power. This type of policy, which runs counter to sustainable development, poses a number of questions. What priority are we able to give to sustainable development? Can we create the necessary spending power? What are we prepared to do in terms of regulation? At any rate, we should get back to the subject of the outlook offered by sustainable development in the housing sector.

Let us recall a few observations. At present, investments in the sector are divided almost equally between renovation and new construction, but forecasts indicate that renovation could reach 60% in a few years. As for different segments of the population, their ability to pay can easily be correlated with age. Compared to the older segments of the population, if the younger segment is more aware of environmental imperatives, it has less money to devote to major efforts in this area. Moreover, the new housing industry is highly structured, supported by institutions such as CMHC and capable of rising to new challenges. The renovation industry is less well organized; competition is fierce, and consumers, still ill-informed in this field, often are unable to adequately assess the cost/benefits ratio or the environmental impact of their choices. As we know, the sector is closely regulated, which jeopardizes its competitiveness and stability. Remember too that the industry does not have control over any overall policy. It has to comply with government regulations and come to terms with municipalities that are fighting to maximize property values. As long as the forces that have led to the current situation remain, the industry will not be able to change anything.

That said, we must recognize that the industry is not washing its hands of environmental problems. Within the limits of its authority, it has already made major progress in matters of air quality, development of equipment that consumes less energy and the use of passive solar energy systems, integrated planning, etc. Of course there is room for improvement. About 15% of wastes used as landfill come from the housing industry, and a large reduction in wastes--some people say 80%--would be possible if contractors took all the measures required. However, even if billing can be useful as motivation, we mustn't inflict additional costs on the industry without offering it any real alternatives.

Some years ago the R-2000 project had only moderate success. Today, technological advances have lowered costs and consumers seem more interested. Such housing could represent an interesting solution. It is obviously not the only one. Among possible solutions, we should take particular note of direct subsidies, charging fees, demonstration projects, research and development, education of the public, the regulatory framework, and, let me emphasize this point, training of contractors and workers. We can also add the leadership of higher levels of government, the examination of municipal structures and practices, a certain pooling of efforts, and homeownership by segments of the population that are already aware of the issue.

There is increasing emphasis on the environmental heritage represented by the habitat. Consumers are increasingly weighing environmental factors as they look for housing. But is this enough? There is reason to believe that decision-makers will know how to adopt measures to force sustainable

development. And there is no doubt in my mind that the industry will know how to meet the demand for this type of development. It seems to me that it is on the side of the public that the bets are still open. Is the public ready to pay more for environmentally sustainable development? And in particular, do they have sufficient spending power to do so? Certainly there are interesting initiatives in the works and we are already "buying" a certain amount of sustainable development. But the doubts persist.

TEXT OF SPEECH

FRANÇOIS BERNIER

Following Mr. Divay's presentation, I would like to discuss market mechanisms, to examine them more closely and see how a more favourable demand to environment will emerge. We are a long way from the subject of the Québec sales tax that was initially on the program, but it still merits some attention. There is a connection, as I believe Mr. Divay stressed, between viable or sustainable development and the overall health of the economy. You can't have one without the other. There is no question of pursuing sustainable development to the detriment of the economy. Nor is there any question in our modern society of putting all the emphasis on economic development to the detriment of the environment. There is a balance to be maintained.

To the extent that sustainable development means added costs for housing and the habitat, I believe we must act now to help consumers afford equipment that uses less energy, or even houses with environmentally-friendly features. This is the first step toward sustainable urban development. We can build more environmentally sensible housing, but demand must also be created for it. Second, we must be able to deliver the product based on the consumer's ability to pay, which is a major concern. I believe that this is the industry's key worry. It must always deliver products that consumers can afford.

In this connection, I would like to say a word about the Québec sales tax. There are a few basics to be understood about this tax. It is easy to see that it adds about 3% to the price of new houses. As for renovation, an activity that will play a major role in viable development, the QST implies an additional cost of 5% to 6%. It is not really the cost; I mean that the final transaction is taxed, and this means the bill to the consumer is 5%-6% higher. Therefore this tax, which admittedly may have been adopted for different or higher motives, is an example, because of its impact, of a policy to be avoided if consumer spending power is to help us along the path to sustainable development. Several questions must be asked about the QST and other policies that work against sustainable development. What priority do we actually give, or are we capable of giving, to sustainable development in our society? As a society, are we inclined to adopt new measures, or modify existing ones, to create the spending room we need? Among other things, I think of regulation, the second avenue we will suggest to certain parties.

I believe there are certainly measures to be taken in the area of regulation, often at the local level. I think municipal officials can probably talk about examples of changes they have already brought forth, or that they can imagine. But at the local regulatory level, there are certainly many measures that would really help people obtain the spending room they need. Here ends the digression on the Québec sales tax and policies that are obstructive and to be avoided.

Returning to our main subject, I would just like to make a few observations on the industry as we know and understand it. Official statistics tell us that, at present, the market is divided fifty-fifty between renovation and new construction. The market is worth several billion dollars, and Mr. Divay tells us that it could experience strong expansion. Analysts already expect the market to become 60% renovation and 40% new housing in the next few years. If this is the direction the market is taking, there will be important changes in the industry structure and the kinds of contractors and specialized workers in this field.

As far as clientele is concerned, customers obviously have differing capacities to pay and these differences are easily correlated with age. This factor was recently re-examined. More elderly customers, the ones who especially interest us, clearly have the financial means, but do they have the education or awareness of environmental issues? This is a challenge, and I think if we wish to point to where information is most needed, it is primarily in this age group. Younger customers, by contrast, are more immediately aware of the environmental cause, but unfortunately they suffer from

shortfalls on the income front. I think it is somewhat utopian to expect this clientele to make major environmental efforts unless we do something to increase their spending power.

I think there are two obvious observations that can be made about our industry. The new housing industry is relatively mature; for years, it has been well organized and supported by bodies such as CMHC, and has been united as an industry for forty years or more. Today it is an industry that is quite capable of taking on any new challenges thrown at it. However, on the renovation side, the industry is very large but poorly structured and organized. Competition is still waged through pricing, and the price-quality relationship is not very clear in the public mind. Consumers do not yet know their own renovation needs, and it is a big effort to ask them to broaden their concept of the price-quality relationship and select equipment that is better for the environment. Not that they cannot do it to some degree, but renovation is still discussed in terms of price/quality and people certainly have difficulty evaluating both quality and environmental impact. Something else to consider is that our industry is operating under constraints. A host of regulations, reforms, and intervenors make it harder for everyone to operate competitively in a properly stable and competitive environment. In this connection, it should be stressed that sustainable development must not turn into an objective that is perceived as an extra burden. We must make sure it becomes integral to our operations, that it does not fundamentally upset the industry structure.

Mr. Divay made three or four major points regarding viable development in his presentation. There was mention, I believe, of biomass control (if I may use this somewhat technical term), of energy management and diversity planning in our cities, of mixed-use neighbourhoods and choices. These are all concepts that, in the final analysis, from the industry point of view (meaning builders, not the overall industry), relate to overall policy, master planning, over which the industry really has no control. It is the master urban planners and politicians who will be deciding that, yes, we will protect the biomass or we will adopt measures to compel energy management. That is where the rules of the game are written and industry must conform. That's a point that seems important to me. For all practical purposes, the industry does not control things such as municipal policies aimed at maximizing real estate values, at boosting valuations to the maximum. This competition among municipalities, over which we have no control, is an important variable that should be studied closely. As long as these forces are at work, and master decision-making is not done, it is difficult for industry to meet expressed demand for sustainable development.

The industry is certainly not washing its hands of this matter. As Mr. Divay stated, it has made great progress in areas under its control, such as technology. For example, we might mention the availability of equipment which is better for the environment in several ways, and, even if Mr. Divay has doubts, efforts are being made. There have been recent developments in use of passive solar heating. There are certainly what we call integrated projects where an added effort is made to respect certain ratios, a certain potential quality of life based on various elements that are integrated. In this area, I believe the industry has started making real strides in areas it controls. This does not mean there is not more work to do, especially in the waste management area. Everyone agrees about that. First of all, it's a big problem, with 15%-16% of garbage buried in sites in our area. Some people claim that we could reduce that by 80% with only a little effort. How? Certain solutions are put forward, such as charging fees. We have absolutely nothing against that, and indeed all methods leading to sustainable development are good, but be careful: charging fees to use landfill sites, when there is no real short-term alternative, risks becoming another in a series of extra costs that don't accomplish much. We must ensure, and this is another message for the master planners, that alternatives are being prepa-

red, are in the planning stage, and encourage industries which are trying to develop them.

Now a word about Project R-2000, which shows the type of approach the industry is capable of. A few years ago, Project R-2000 had what I would call a limited success due mainly, although I don't want to put the project on trial, to the question of costs. Figures of $6,000 to $9,000 were rumoured. This was an added cost and people were probably not interested or inclined to pay it. What is interesting is that technology is probably more advanced today, and the price gap is probably closer to $5,000. And as we all know, people are more interested, and this calls for a house that is identified as being environmentally friendly. In the 1990s, this house will at any rate be one of the tangible solutions proposed by the industry, and it will be easy to improve. And we must overlook nothing in seeking solutions, since it would be very presumptuous to assume that a single solution will solve everything. Here is a list of possibilities: direct subsidies, fees, demonstration projects, research and development, public education, the industry framework, the whole regulatory aspect, and, the point I would emphasize, training of contractors and workers. Even though we have made strides, we must not forget the leadership of higher levels of government, review of municipal structures and practices, a certain collaborative effort, and homeownership by segments of the population who are already aware of environmental issues. We saw just now that younger customers suffer from a bit of a wealth problem, a problem of income. They have to jump on the bandwagon and accumulate some wealth before they can return to their original principles and be more respectful of the environment. I know some people who are living like this, who are currently compromising on equipment and other things in order to climb aboard the homeownership bandwagon, to become property owners. This is an objective, a pole that should not be underestimated.

Does sustainable development really present such extraordinary market opportunities? We see the environment from many perspectives. It's our living space, an investment, a component of the urban landscape, a whole lot of nice things. Today -- and this is quite recent -- we want to put more stress on the environmental heritage represented by housing and urban development, on the environmental heritage that we are leaving to future generations. This is a lot to ask of people along with all the other goals they are trying to achieve through housing. Individuals must therefore include environmental considerations in their housing decisions more than in the past. How will we change its weight in their calculations? Once again, it is a matter of taking several actions simultaneously. There is certainly no doubt in my mind. Together, the decision-makers are probably capable of establishing a mechanism or master plan which will effectively force viable urban development. We can imagine coercive solutions; the trick will be to use incentives. This is probably the objective that everyone wants. Nor is there any doubt in my mind regarding the industry's ability to respond to any expressed demand for sustainable development. It's the industry's mission -- as it always has been -- to meet expressed demand, so this is not really an issue. But as for the public, in my view, all bets are off. I wonder if public motivation and education have grown to the point where people are ready to pay more for more environmentally sound development. I think they are ready to pay for an R-2000 house, but I am not sure if they are ready to support the entire bill involved. Are governments, including municipalities, inclined to offer the financial leeway that will encourage people to make the change? In fact, do they have the means to pay for sustainable development? Probably not at the present time, but there are initiatives in which certain elements of sustainable development are to all intents and purposes being purchased, and this is very interesting. But doubts remain. During this conference, we will explore certain avenues, certain responses and, at the municipal level, it will be interesting to see where we are at the present time.

QUESTIONS AND COMMENTS

Introduction

Louise Roy Mr. Divay has shown us that the public is ready for changes in the field of housing, and this could provide important business opportunities for the housing industry in the coming years; Mr. Bernier has made us aware of the constraints that the public and the industry are experiencing because control is not in the hands of the industry, and we examined consumers' ability to afford sustainable development.

Question about water metering

Mr. Divay Some municipalities already have water meters. In fact, conservation of drinking water has become essential. But just what does it entail and who are the people who can do it? Essentially households. Look at the major categories of water consumption. 35% to 40% of drinking water is used for flushing toilets: the classical four gallons per flush. This is absurd; the Japanese use less than one litre. Another major source of consumption, particularly in the suburbs, is watering lawns, which uses appreciable amounts, about 200,000 litres per year to water one lawn, whereas well water could be used instead.

What does conservation mean in concrete terms? New and different facilities must be set up, and they will cost an exorbitant amount. And consumers and producers of housing are capable of accomplishing this. Clearly, water meters and charging for water use will enable homeowners to see the savings that can result. This is part of a whole series of measures that must be viewed in an overall context if the goal of conservation is to be achieved. But we need to do more pilot experiments. The solution to viable development in the urban environment is through example, and the more examples we have, the more the movement will gain momentum.

Comments on the need to recover drinking water, and in support of Mr. Divay's answer regarding the need for more pilot experiments.

Question on energy saving. How can we coordinate the various types of support that are apt to encourage builders to offer ecological packages?

Mr. Bernier We would be in favour of this, but I think that a whole lot of people would be involved in the matter. You are taking a path that may turn out to be very expensive for the higher levels of government. It's nice to think that efforts could be coordinated and "packages" offered; this would be a very good approach. But I'm not the right person to talk about it, because I'm only the one who carries it out, not the one who will have to pay for part of it. Still, the industry would have no objection to cooperating in deciding what these packages would consist of and conducting research on the subject.

Comments of a builder He agrees with Mr. Divay on the four main points of his presentation but thinks they are difficult for contractors to put into practice. Builders cannot educate people or charge them for the costs. But if governments took on the responsibility for environmental education, things could perhaps be turned around. He referred to home insulation programs and warned of the negative effects of too much insulation on air quality. If consumers are made more aware, they will be inclined to pay for the cost of sustainable development.

Mr. Divay Yes, education is necessary, but we mustn't be too pessimistic about business's ability to change behaviour. There are market niches that have not been explored, in particular with regard to new housing. A market exists for new housing packages that would comply with a maximum number of standards, given the profitability that could result from such measures, and the demand for them is genuine. If these packages were combined with consumer education, progress could be faster.

Comments on Hydro-Québec It is currently developing programs of packages with various parties involved (municipalities, electricians, PHBAQ), incorporating

various methods of conserving water and electricity in homes, to be ready next year (1992).

Question about planning of urban centres and proposals intended to regulate transportation in major urban centres.

Mr. Divay With regard to planning, there are more rational ways of designing urban areas in terms of place of employment and residence. With regard to means of transportation and the possibilities for public transport, they are possible in the case of low-density municipalities but not in the traditional heavy forms; a number of experiments in the direction of lighter forms of transportation are proving to be very popular, particularly in the United States, for example car-pooling. Moreover, technical developments will allow means of transportation which consume less energy overall and produce less pollution. Electric vehicles will be on the market in five or ten years. In some sense the problem of transportation is harder to solve, because there are even more parties involved than in the housing field. Here too, if the parties involved were to develop a somewhat clearer vision with regard to both housing and transportation, a certain number of measures could be put forward.

Some major changes must take place, however, with regard to transportation, and there should be consultation among municipalities, governments, and developers. What we are talking about here is the middle and long term, in other words a horizon of ten years. In housing, however, changes regarding construction of new housing that better meets the standards are more short term.

Comment about the consequences of urban sprawl, high vacancy rates, and the resulting difficulty of undertaking renovation of the stock of existing housing unless there is support through subsidies.

Conclusion

Louise Roy Some market opportunities exist, but they are not felt strongly enough to represent the beginning of a turnaround. However, with regard to the future, a major concern is to avoid being dependent on regulations coming from elsewhere; we want to be prepared and play an active role. There must be optimization of what we can achieve with the tools at our disposal, from an overall viewpoint that could be defined jointly by cities, governments, landlords, current and prospective homeowners, and builders; there must also be a simplification of management, and therefore of the mechanisms that facilitate change, whether in the field of renovation or in encouragement to use "green" products in new housing construction.

SUMMARY OF SPEECH

The Housing Sector and the Outlook for Mortgage Financing in 1992

Gilles Soucy

The economic situation in 1992: an overview

Canada is barely emerging from a very tough recession. Recovery remains fragile, however, because it is taking place under difficult conditions. Governments have exhausted their spending power, consumers remain deeply in debt and their incomes are not increasing, companies are facing stiffer competition, and the current situation does not hold out much hope for a strong recovery of the American economy. Still, easing of monetary policies and the gradual intensification of the American economy should prevent the Canadian economy from going into another recession. Québec has started to grow again at a slower rate than the rest of Canada, and should really get going only toward the middle of 1992. It is still up against serious structural problems (government deficits, erosion of purchasing power, tax increases higher than in the rest of Canada, problems in the industrial sector) which, when combined with weak growth in North America as a whole, make the anticipated recovery much less vigorous than the recovery that followed the 1982 recession. In 1991 and 1992, Québec should have a rate of inflation 1% higher on average than the rest of Canada. This inflationary context, combined with the slow increase in jobs and after-tax income, undermines households' purchasing power; it also partly explains Québec's lower performance in comparison with Canada as a whole.

Residential investment in Québec in 1992

Housing starts will be on the rise in Québec in 1992 for the first time since 1987. Of the 45,000 housing starts forecast, two-thirds are in the single-family home category, and the gap between this sector and the multiple-unit housing sector continues to widen. This trend can be explained mainly by the vacancy rate for buildings containing three or more apartments, which has been over 5% in most regions of Québec, and in some places has risen as high as 8%. In light of the surplus of rental housing and the repercussions of ending the "Deal Estate" program, housing starts should slow down during the first half of 1992. There should be feverish activity in the renovation sector, however, where according to our predictions, investments should reach $7 billion, compared with $4.5 billion for housing starts. As for the secondary housing market, it should also show improvement in 1992; total multiple listing service sales should reach 31,000 units. And we know that the demand for mortgage loans does not depend solely on housing starts, but also on the state of the renovation sector and the resale market.

Outlook for the mortgage market in 1992

The demand for mortgage loans dropped sharply during the recession, but has rebounded significantly with the recovery. In Québec, thanks to falling interest rates and the rise in housing starts, the increase in mortgage loans will probably reach 9.5% in 1991 and 10.5% in 1992. This rate of growth may seem low, but it is the same as the growth rate during the recovery in 1983 (11.1%), and is high compared with the predicted average inflation rate (3%). Growth will be more rapid in deposit institutions (11.0%) than in other financial institutions (7.0%), although strong competition will develop among the latter. There are several explanations for this increased competition. For one thing, the slowness of the recovery is leaving financial institutions with a great deal of liquidity, and mortgage loans are less risky than other types of loans. Moreover, this sector is now aiming its strategy at private banking customers and is counting on mortgage loans to ensure customer loyalty. Finally, the adoption of new domestic and international standards means that this type of loan requires less capitalization than previously (NHA loans). As for the general level

of interest rates, there will still be a tendency for them to fall somewhat during the next few months, since the weakness of the recovery in countries like the United States means that it is stimulating only a limited demand for credit. In addition, inflation is being brought under control more quickly than anticipated, and the Bank of Canada is achieving its objectives. Thus the prime rate of financial institutions should soon drop to 7.5%. Mortgage rates will follow this trend; they should drop to 8%, even if future decreases are smaller than those already recorded.

TEXT OF SPEECH

The housing sector and outlook for mortgage credit in quebec in 1992

Gilles Soucy

The economy in 1992: an overview

- **A recovery crippled by household and government debt loads**

In the second quarter of this year, Canada emerged from the second worst recession in fifty years. After an encouraging advance in the spring, the Canadian economy almost went into neutral during the summer, indicating the fragile nature of the recovery.

Conditions surrounding the launch of this new growth phase are much less favorable than those prevailing after the 1981-82 recession:

- first, governments have exhausted their spending room over the last decade and therefore cannot play their traditional recovery role of temporarily boosting spending. On the contrary, as debt management has become a pressing problem, governments are a drag on the recovery through their tax increases that hold it back.

- consumers are also worse off than they were following the 1981-82 recession. Despite some reorganization of finances over the last two years, their debt ratios remain high and their spending capacity is undermined by tax increases as well as weak income growth (partial or total salary freeze in public and para-public sectors).

- For business, the recession has been just as severe as that of 1981-82. Company profits are going through one of their worst periods. The current deflationary climate (decline in industrial prices), the high value of the dollar, and the slow pace of recovery are making competition fierce; companies cannot raise prices to improve their profit levels.

- finally, at this point, we cannot count on a strong recovery in the U.S. economy, which is improving at a snail's pace.

Despite this pause in the recovery, the Canadian and Québec economies should not fall back into recession thanks to easier monetary policy and a gradual strengthening of U.S. economic activity in the next few quarters.

Given the recent sputtering of the Canadian economic recovery, appreciable improvement in the inflation outlook (prices and salaries) and the strong dollar, monetary policy will be accommodating and interest rates, which have already fallen significantly, will decline a little more, especially in certain rate categories:

- the prime rate of financial institutions will fall back to around 7.50% in the next few months and mortgage rates will drop to the 8% range.

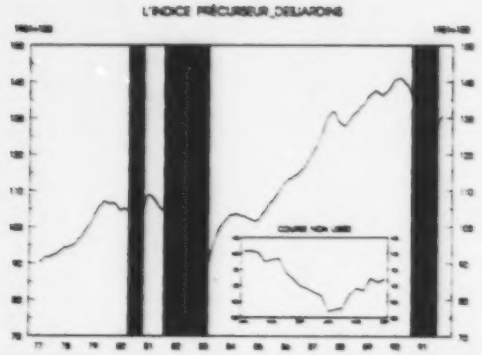
- **Québec's recovery to be slower than Canada's**

Despite a disastrous beginning to the year blamed on "interference" by the GST and QST, Québec's economy began growing in spring, but at a slower rate than the overall Canadian economy.

After this promising beginning, the Québec economy fell back into neutral during the summer.

The Desjardins index of leading indicators has trended upwards since Spring, although some hesitation was noted during the summer. It appears that the recovery will take a few more months. Progress will be imperceptible, and the economy will not definitively take off until after mid-1992.

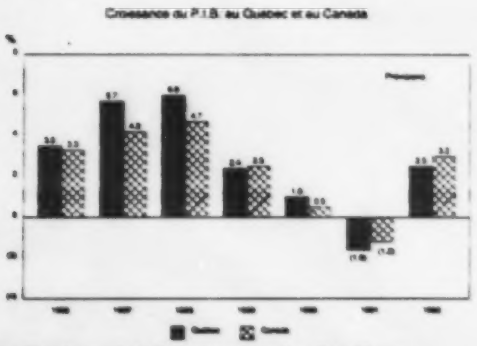
Québec is burdened with a number of structural problems that will hamper its



recovery potential: government deficits, erosion of purchasing power due to tax increases (inflation), problems in the industrial sector, etc.

These problems, combined with weak growth in the United States and Canada, will produce a recovery that is clearly less robust than after the 1982 recession.

The Québec economy will achieve a marginally inferior performance than Canada's this year and next, mainly because of problems in certain industrial sectors and steeper tax increases than in the rest of Canada.



Inflation: higher taxes in Québec than Canada, resulting in an inflation rate that penalizes household purchasing power

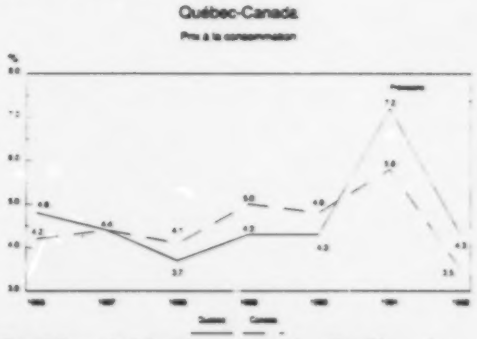
Québec benefited from a better inflation record than the rest of Canada from 1987 to 1990, but the trend was reversed in 1991.

Recent tax increases (school and other) and new taxes imposed on services in 1992 (GST and extension of the QST) will swallow up part of the spending power of Québec households.

Government-administered prices are rising significantly, while salary freezes or ceilings will spread to some extent to the private sector.

In 1991 and 1992, the inflation rate in Québec will exceed the Canadian rate by 1% on average, standing at 7.2% and 4.3% respectively (annual rate).

In short, the inflation situation combined with weak growth in employment and after-tax income partially explain Québec's inferior performance compared with Canada in 1992.



Residential investment in Québec in 1992

- **Housing starts: 45,000 in Québec, including almost 30,000 single family homes**

For the first time since 1987, housing starts will rise in Québec in 1992, enabling this sector to contribute positively to economic growth.

Positive net migration (+22,000), stable or lower house prices, and, above all, falling mortgage rates are the main factors behind the increase in housing starts in 1992.

Of the 45,000 housing starts in 1992, two-thirds will be in the single-family housing market. There will be 29,500 single family housing starts compared to 15,500 multi-unit dwellings.

Since 1987, when multi-unit starts last exceeded single-family construction, the spread between the two has increased every year.

HOUSING STARTS IN QUÉBEC

Year	Single-family	Multi-unit	Total
1984	24,752	17,150	41,902
1985	23,321	24,710	48,031
1986	28,337	32,011	60,348
1987	36,555	37,624	74,179
1988	31,384	26,678	58,062
1989	28,119	20,939	49,058
1990	28,565	19,505	48,070
1991 (f)	26,950	14,050	41,000
1992 (f)	29,500	15,500	45,000

(f): forecast

In Québec, the vacancy rate for buildings containing three units or more is the main cause of weakness in multi-unit construction.

In fact, our table shows that vacancy rates for buildings with three units or more exceeded 5% in most areas of Québec; in some urban centres, it is now as high as 7% or 8%.

VACANCY RATES FOR BUILDINGS WITH THREE UNITS OR MORE

October	1985	1987	1989	1990	1991
Chicoutimi Jonquière	3.2	9.0	4.9	5.1	5.7
Montréal	1.6	3.4	4.7	5.4	7.2
Hull	4.3	9.8	3.1	4.2	4.9
Québec City	1.5	5.4	4.3	5.75.6	
Trois-Rivières	2.1	8.1	5.3	7.6	8.3
Toronto	0.4	0.1	0.4	1.0	1.8
Vancouver (6 units or more)	2.2	1.1	0.4	.9	2.2

To sum up, Québec housing starts in 1992 will be near the average of the last 20 years. This is therefore a modest recovery. The 1991 bulge in housing starts due to the Deal Estate program will cause a slowdown in housing starts in the first half of 1992.

Because of the current surplus, the housing start recovery has far less potential in the years to come than it did after the 1982 recession.

- **Intense activity in housing renovation**

Renovation of existing dwellings accounts for a considerable share of residential investment. Investment in this sector will rise sharply in 1992 for several reasons, including the high price of new housing, the equity owners have built up in their homes over the years, sharply falling interest rates, and various programs related to renovation.

In fact, with the decline in housing starts over the past three years, the value of renovation investment now exceeds investment in new housing. In 1991, spending on renovation will amount to $6.1 billion, compared with $3.8 billion for new housing.

According to our forecasts, this trend will continue in 1992, with renovation investment amounting to $7.0 billion, compared with $4.6 billion for new housing starts.

RESIDENTIAL INVESTMENT IN QUEBEC ($ billions)

Year	Renovation	New building	Total
1984	3.4	2.3	5.7
1985	3.5	2.5	6.0
1986	3.7	3.5	7.2
1987	4.4	5.1	9.5
1988	5.1	5.0	10.1
1989	5.7	4.3	10.0
1990	5.9	4.3	10.2
1991 (f)	6.1	3.8	9.9
1992 (f)	7.0	4.6	11.6

(f): forecast

- **Resale market will also gain in 1992**

The resale market, which has been stagnant or moderately declining in recent years, rebounded in 1991. Gains will continue in 1992 but at a slower rate. According to CMHC forecasts, total sales through the Multiple Listing Service will rise from 28,500 in 1991 to 31,000 in 1992.

Demand for mortgage loans depends not only on new housing starts but also on renovation and resale activity which influences mortgage demand. Home renova-

tion or purchase of a resale house usually entails an increase in mortgage indebtedness.

In light of these three credit factors increasing access to home ownership, the demand for mortgage loans will increase in 1992.

MULTIPLE LISTING SERVICE SALES (total sales)

	1988	1989	1990	1991(f)	1992 (f)
QUÉBEC					
Total sales	30,503	30,618	28,067	28,500	31,000
Annual change (%)	2.0	0.4	(8.3)	1.5	8.8
CANADA					
Total sales	319.313	322,332	249,860	307,700	313,000
Annual change (%)	14.1	0.9	(22.5)	22.9	2.0

(f): forecasts

Source: Canadian Real Estate Association and CMHC

Outlook for mortgage market in 1992

- **Recent situation: Rebound in demand for mortgage loans since Spring**

After having peaked in 1987 at almost 20%, mortgage loan demand in Québec declined along with the slowdown in housing starts and the rise in mortgage rates. The low point was reached in 1990, when growth in mortgage loans outstanding was limited to 7.6% (see table below).

The slowdown in demand for mortgage loans became more serious in both Québec and Canada when the country entered the recession in the spring of 1990. The bottom of the barrel was reached in the first quarter of 1991.

Credit demand has rebounded significantly since this spring, along with the recovery in the residential sector. Thus the growth of mortgage loans outstanding will probably reach around 9.5% in Québec compared with 7.6% last year. Falling interest rates and an increase in housing starts are the major factors in this revival.

MORTGAGE LOAN DEMAND IN QUEBEC

Year	$ millions	annual change (%)
1988	43,821	16.8
1989	48,480	10.6
1990	52,169	7.6
1991 (f)	57,106	9.5
1992 (f)	63,124	10.5

(f): forecast

- **1992 Outlook: moderately faster growth in mortgage loans, strong competition, and the lowest rates in 20 years**

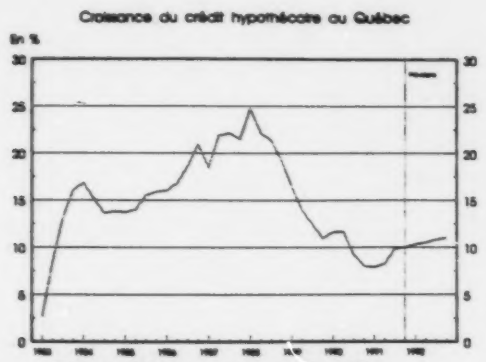
The recovery in residential mortgage markets will continue in 1992 in Québec given anticipated conditions in the housing market (mortgage rates, housing starts, renovation and resale market). Growth in mortgage loans outstanding from all financial institutions should be around 10.5% compared with 9.5% in 1991 and 7.6% in 1989.

Growth will be more rapid among deposit-taking institutions at 11%, compared to around 7% for other financial institutions.

- the trend in recent years in favour of deposit-taking institutions will continue; they will continue to gain ground in terms of market share;

- deposit-taking institutions will again benefit from their large distribution network as well as the fact that the single-family housing market will be more active than the market for large housing projects.

Although the anticipated 10.5% growth rate seems weak, it is strong in relation to the expected average annual inflation rate of about 3% in 1992. Moreover, this growth rate is the same as that recorded during the recovery of 1983 (11.1%).



- **Competition among lending institutions in the mortgage market will be very strong:**

  - first, the recovery will be slow and so will demand for credit, meaning that financial institutions will have a great deal of liquidity;

  - second, given that mortgage loans involve little risk compared with commercial and industrial loans, especially in the current economy, institutions tend to favour them:

  - third, in recent years, the banking sector has focused on retail customers in Québec, and mortgage lending is associated with building customer loyalty;

  - finally, mortgage loans require less capitalization under new national and international standards, because of guarantees associated with them (NHA-insured loans)

- **Mortgage rates: further declines although floor is in sight**

The decline in interest rates in Canada, which started in the summer of 1990, speeded up this autumn. For example, one-year residential mortgage rates have plummeted by 5.5% and now stand at 8.50% (December 10, 1991).

General interest rate levels will tend to fall a little further over the next few months for the following reasons:

RESIDENTIAL MORTGAGE LOANS OUTSTANDING

Year	Deposit institutions		other institutions		total
	$mlns	% share	$mlns	% share	$ mlns
1984	18,801	81.0	4,398	19.0	23,199
1985	21,788	83.2	4,392	16.8	26,180
1986	26,437	84.1	4,991	15.9	31,338
1987	32,009	85.3	5,495	14.7	37,504
1988	38,153	87.1	5,668	12.9	43,821
1989	42,332	87.3	6,148	12.7	48,480
1990	45,723	87.6	6,446	12.4	52,169
1991 (f)	50,295	88.1	6,811	11.9	57,106
1992 (f)	55,827	88.4	7,297	11.6	63,124

(f): forecast

  - first, the Canadian economy is currently in neutral, credit demand is weak, and the recovery will take time to take hold;

  - second, inflation is falling more rapidly than expected and the Bank of Canada has achieved its objectives;

  - finally, on the American side, interest rates are also falling because of the weak recovery.

Consequently, as shown in the table below, mortgage rates will follow this trend although future declines will be quite limited compared to what has already occurred.

INTEREST RATE FORECAST

	Prime rate	Mortgage rates		
		One year	Three year	Five year
December 1991 (Dec. 10)	8.00	8.50	9.50	9.90
January 1992	8.00	8.25	9.25	9.50
February 1992	7.50	8.00	9.00	9.50
June 1992	7.50	8.00	9.00	9.50
December 1992	8.50	8.50	9.50	10.00

SUMMARY OF SPEECH

Housing Outlook in the Context of Sustainable Development

Anh Trinh

- **1991 will be better than anticipated, but the recovery will be short-lived**

Housing starts recovered in 1991 under the combined effect of the "Deal Estate" program, the drop in interest rates, and international immigration. The number of starts, more than forecast but 10% lower than in 1990, should reach 43,000 units. However, this recovery may be short-lived, and only 37,600 housing starts are forecast for 1992. The low level of permanent job creation, the rise in temporary employment, the smaller contribution of immigration, high vacancy rates, the end of "Deal Estate", the introduction of the Québec sales tax, and investors' caution should slow down the construction sector in 1992.

- **A depressed rental market in 1992**

The "Deal Estate" program, combined with the program of down payment aid, indirectly inspired mass desertion from the rental sector. In October, the vacancy rate climbed to 7.3%, which translates into 35,000 vacant dwellings. The large pool of tenants in Québec, in large part between 25 and 35 years old, can react quickly to homeownership programs. However, thousands of young people are losing their jobs and have to go home to their parents' or share an apartment. These two tendencies, combined with an increasing number of defaults on mortgage payments and the economic and political uncertainty, could have disastrous consequences for the rental sector. Housing starts could drop 25% in 1992.

- **Drop in construction of single-family homes, collapse of the condominium market, and recovery of the resale market**

Even if intentions to buy a new house were relatively more optimistic than in 1991, the confidence level remains low. Lower interest rates should counterbalance the effects of the recession, however, and sustain the demand for homeownership. Mortgage interest rates will stay under 9% for most of 1992, which should result in an increased demand for new houses on the order of 4,000 units. But this demand will not necessarily be translated into housing starts, which according to our figures should be around 26,000 units, a 7% drop from 1991. Finally, the size of the stock of unsold new houses (2,400 units at the end of September) and the absence of government programs should inspire caution among builders. The condominium market will also collapse in 1992 under the weight of high inventories (2,500 units). The forecast in this sector is 2,900 starts in 1992 compared with 3,500 in 1991. The end of the "Deal Estate" program should contribute to the drop in demand for low-cost condominiums, while the recovery in the resale market will revive the luxury condo market. In the resale market, 30,000 MLS sales are anticipated in 1992, a rise of 7%. This strong growth should be more noticeable after the QST is introduced in July. Despite the increase in sales, however, this segment will remain a buyer's market for most of 1992, and price increases will be modest.

- **The single-family house: a viable form of habitat?**

The single-family house seems to fulfill the current aspirations of many households, but is it viable collectively? We know that this type of dwelling takes up a lot of land, costs more in terms of infrastructures and energy than apartments, and is partly responsible for urban sprawl. On the other side, excessive densification also leads to high costs, for public safety, for example. Investing in architecture and urban planning may sometimes mitigate the negative effects of densification. But how are these developments to be financed? By a general income tax? By a tax on the beneficiaries? Can the development of neighbouring municipalities be brought into harmony? These questions remain unanswered. In

urban development, the challenge is to understand how to adapt a relatively fixed housing stock to a changing demand. Neglecting to recognize current needs in order to meet future needs is suicidal. Households will be guided in their choice by their immediate needs and means, not the wishes of urban planners or economists. Reconciling that choice with sustainable development is a difficult problem, and its solution, if it exists, can only be multidisciplinary.

TEXT OF SPEECH

Housing outlook in the context of sustainable development

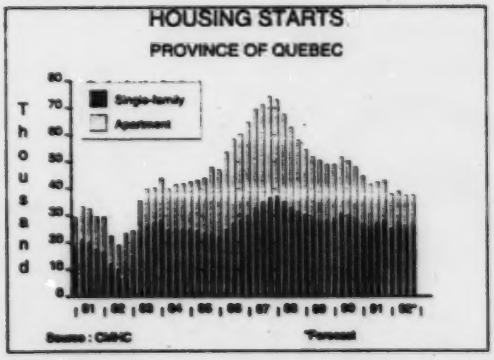
Anh Trinh

- **1991 will be better than forecast**

This time last year analysts were much more pessimistic about the Québec housing situation for 1991. Housing start forecasts ranged from 30,000 to 38,000 units. By the end of November this year, actual housing starts had already topped the 38,000 mark.

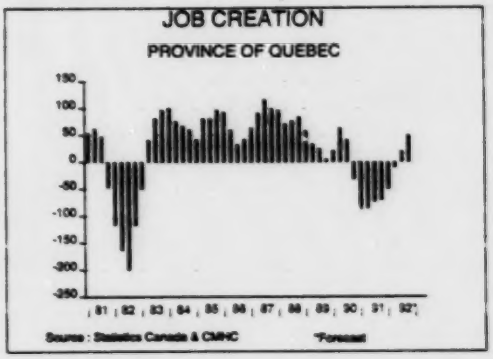
Of course the economic and political situation was more bleak a year ago. The recession was at its most virulent and the Gulf War was about to break out, with its outcome far from certain. The Québec housing market was saddled with a sizable surplus of units and no new recovery programs had been announced. Mortgage rates, while starting their decline, remained too high.

However, the analysts were correct in predicting the trend, and especially the turning point, in housing starts. They agreed that residential construction in Québec would pick up in the second quarter and bring on the economic recovery. Indeed, after a disastrous first quarter, housing starts rebounded in the second quarter under the influence of the provincial Deal Estate program, falling interest rates, and continuing support from international immigration. Total 1991 housing starts should exceed 43,000 units, 10% less than the previous year.



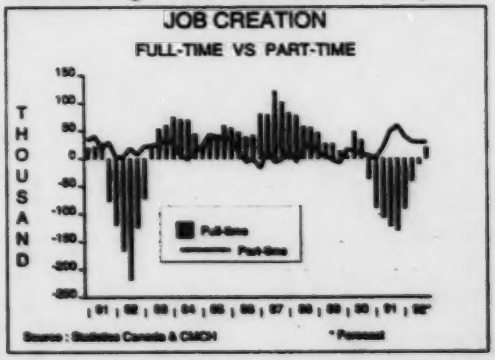
- **The recovery will be short-lived**

However, the recovery in Québec residential construction risks being short-lived. We now expect a further 13% decline in housing starts in 1992 to a level of only 37,600 units. Among major factors putting the brakes on 1992 housing construction are weak job creation, more limited support from immigration, high vacancy rates, end of the Deal Estate program, extension of the QST to new house sales, and investor cautiousness.



Employment in Québec was hit hard by the recession. Job losses, while not as high as during the 1981-82 recession, were higher than predicted. The number of jobs lost at the worst point of this recession is estimated at 90,000, compared with more than 200,000 in 1981-82.

While job losses were not as great, the recovery will be slower. The employment market is not expected to reach 1990 pre-recession levels until next autumn. Factors contributing to slow economic recovery next



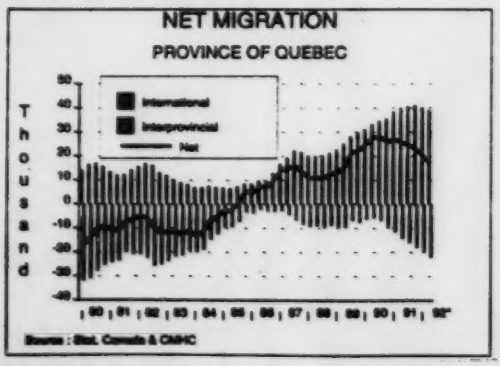
year include weak growth in the American economy, the Great Whale project report, deterioration in the manufacturing sector, especially pulp and paper and aluminum, and hesitation on the part of consumers and investors.

Employment creation is certainly an important factor in housing demand, but the kind of jobs created also has a determining effect on the type of housing demanded. Permanent and stable employment is likely to prompt households to purchase houses.

Part-time or occasional work, on the other hand, tends to keep young households in the rental sector. Jobs created in the current recovery are mainly occasional. In the third quarter of this year, a total of 50,000 part-time jobs were created while 122,000 full-time jobs were lost.

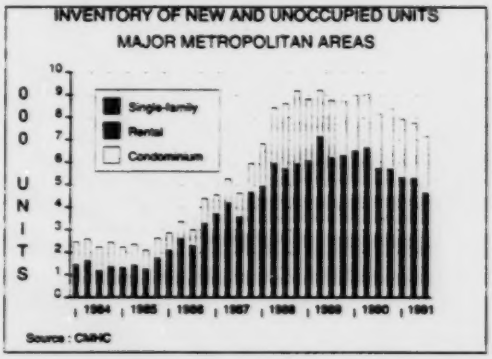
In fact, although the overall employment market seems to have passed its worst period, the loss of full-time jobs does not yet appear to have hit bottom. This situation is definitely not favorable for house buying.

In addition, net migration, while still positive, is starting to fall off. Although international immigration, a major source of housing demand over the past five years, will remain strong at 40,000 in 1992, negative net interprovincial migration will grow due to economic and political uncertainty. We are forecasting a net gain of only 11,000 people next year compared with 24,000 this year. This represents the equivalent of 4,000 new households.



In the first six months of 1991, there was already a net loss of 5,700 people through interprovincial moves, compared with a net loss of only 1,200 in the corresponding period a year earlier.

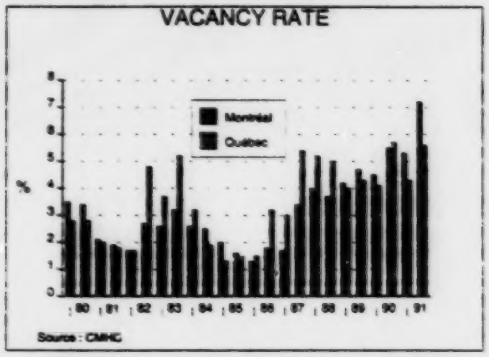
On the supply side, it is taking a long time to absorb the stock of vacant new units accumulated since 1987. At the end of the third quarter, more than 7,000 new units were still without takers. With the pickup in housing starts at the end of 1991, before the Deal Estate program expired, the inventory of vacant new housing may well rise next spring.



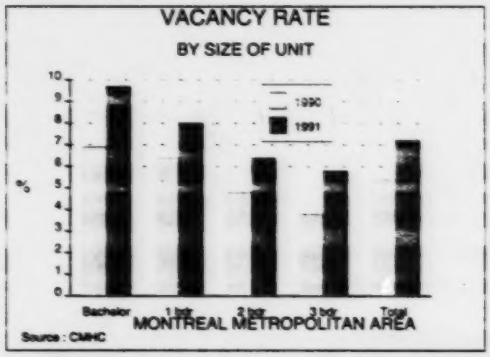
- **Rental market depressed in 1992**

If the Deal Estate program managed to reverse the downward trend in housing construction in Québec in 1991, it risks putting the brakes on its growth in 1992. Deal Estate was designed to stimulate first-time home buying and boost the single-family home construction sector. Indirectly, this program, along with another program providing down payment assistance, prompted a mass defection from rental accommodation. As a result, vacancy rates in the rental stock, already very high in 1990, reached 7.3% last October, the highest level since 1971. These rates translate into more than 35,000 empty rental units.

Despite notable progress over the last 20 years in the number of people becoming homeowners, Québec still has the highest proportion of tenants of any province in Canada. An estimated 43% of Québec households are renters compared with a Canadian average of 40%.



This large pool of tenants, including a significant portion in the 25 to 35 age group, tends to react quickly to government programs encouraging home buying. If, at the same time, thousands of young workers lose their jobs and are forced to leave their apartments and return to live with their parents or share their apartment with others, the impact on rental markets would be disastrous.

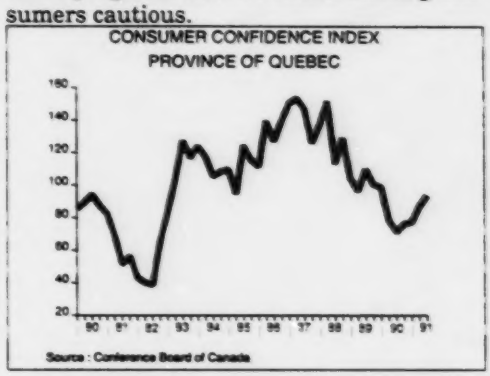


The sharp rise in vacancy rates among small units (studios and one bedroom) and large apartments with three rooms or more tend to confirm two movements: desertion of the rental sector by young workers, and a move to home ownership by families with children. And the imbalance in the rental market could last until the end of 1993. Owners of revenue property will likely have two more years of slim pickings, settling for modest rent increases or even offering rent-free months to attract and retain tenants.

These high vacancy rates, combined with a growing number of mortgage defaults and economic and political uncertainty, will prompt many investors and financial institutions to take a more cautious attitude towards the rental sector in 1992. We are forecasting a sharp drop of 25% in rental unit starts from 11,500 in 1991 to 8,700 in 1992.

- **Mild dip in single-family construction**

Turning to single-family housing, Québec consumers are far from enthusiastic about buying new homes. Massive layoffs, growing unemployment, tax increases, heavy debt loads, and the absence of assistance programs are all factors making consumers cautious.

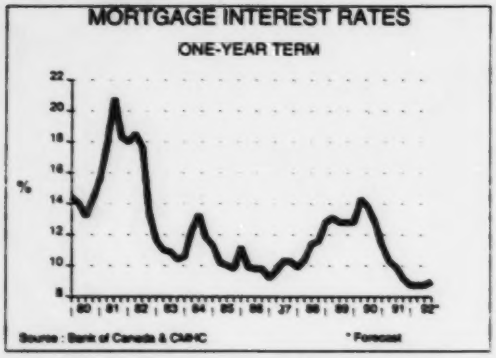


According to a Conference Board of Canada survey of consumer spending intentions, Quebecers were more optimistic in the third quarter of 1991 than a year earlier. However, confidence remains low and does not point to any significant recovery, even as the holiday season approaches.

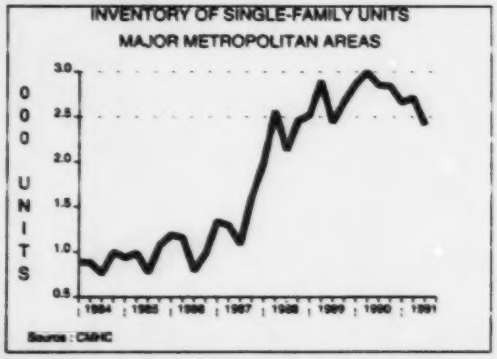
On the other hand, the sharp decline in interest rates should counteract the negative effects of the recession and support demand for first-time home buying. The strong performance of the Canadian dollar on currency markets in recent months and the weak recovery of the North American economy leads us to believe that interest rates will remain low for the next nine months. Rates will rise slightly towards the end of 1992 to the extent that the economic recovery takes hold.

Rates for one-year mortgages will remain below the 9% level for much of 1992, compared with an average of 10.15% in 1991. These rates, the lowest since 1975, will certainly stimulate the purchase of

homes. We estimate that this interest rate decline will increase demand for new housing in Québec by 4,000 units.



However, stronger demand will not necessarily bring about an increase in housing starts. We expect single-family housing starts to decline by 7% to 26,000 units in 1992 compared with 28,100 forecast for 1991. Builders, stuck with large inventories of unsold new housing and lacking government programs, will also be cautious.

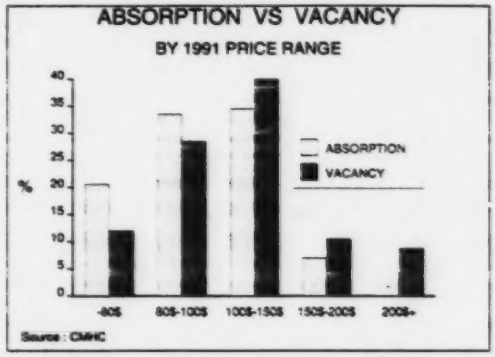


More than 2,400 new houses were unoccupied at the end of September. Although this is below the numbers for the same time last year, it is still more than double the figures prior to 1987. Given the shaky confidence of consumers, everything suggests that the stock of unsold new housing will not be quickly absorbed next spring. Many of these houses were started this fall to take advantage of the Deal Estate program.

The decline in single-family construction in 1992 will be felt mainly in semi-detached and row housing. This type of housing, which is aimed at first-time buyers, is most likely to be affected by the expiry of the Deal Estate program.

In 1991, an estimated 6,000 units of this kind will be started, the highest level since the 1950s. Only 3,500 units are expected to be built next year.

The imbalance in the new housing market is mainly affecting the middle and high price ranges. Indeed, in the first nine months of 1991, more than 54% of new houses in Québec sold for less than $100,000. Only 40% of the vacant housing stock is in this price range.



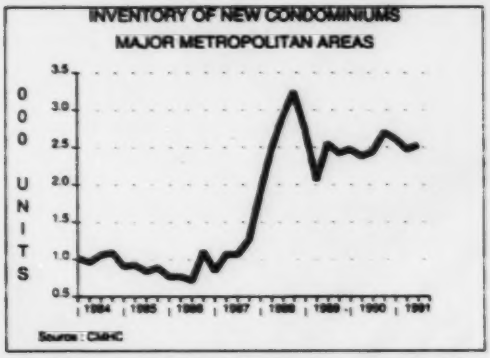
On the other hand, demand for houses costing more than $100,000 amounted to 46% of overall demand although these houses represent 60% of unsold stock. A better equilibrium is anticipated next year with the gradual decline in demand from first-time buyers and increased activity by more experienced buyers.

- **Condominium market facing plunge**

After a mild revival in 1991, due mainly to the Deal Estate program, the condominium market will fall sharply in 1992 under the weight of high inventory. We expect 2,900 condominium unit starts next year, compared with 3,500 anticipated for this year.

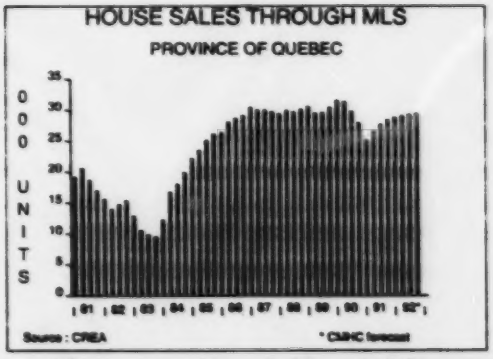
At the end of the third quarter, more than 2,500 new condominium units were vacant, a stock equivalent to nine months' demand. The Deal Estate program favoured the market for moderately-priced condominium units. Demand for this product may well soften with the end of this program. On the other hand, the gradual

recovery in the resale market will revive the market for deluxe condominium units and help absorb inventory. But investors will remain cautious because of economic and political uncertainty.



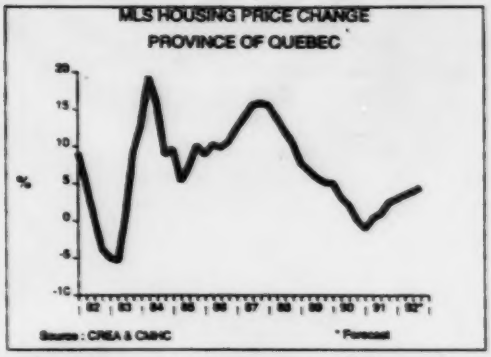
- **More sustained recovery in resale market**

Low interest rates and the absence of programs encouraging new residential construction will bring about a more sustained recovery in the resale market. We expect a 7% increase in MLS sales to 30,000 units in 1992. Strong growth will occur mainly in the second half of the year due to the introduction of the QST in July.



Many young households opted for new housing in 1991 in order to take advantage of the Deal Estate program. Recovery in employment markets in 1992, combined with low interest rates, will stimulate the resale market, with demand coming from both first-time and more experienced buyers.

Despite higher sales, the resale market will remain a buyer's market for much of the year. House price increases will be modest. The slowest movers will be very high-priced houses ($300,000 and up) for which buyers are becoming increasingly scarce.



- **The single-family home: a viable form of housing?**

Although the detached single-family house seems to suit the short and medium-term needs and ambitions of many young households, one might ask whether it is viable over the long term for the population as a whole. This raises the question of viable or sustainable development, a term which refers to the need to satisfy today's demands without compromising the ability of future generations to satisfy their needs.

In this perspective, the single-family home is possibly not the most viable housing for the long term. It consumes a great deal of land, and costs more for infrastructure and heating than an apartment unit. Moreover, with the scarcity of land in urban areas, more single-family construction is taking place in outlying areas, meaning higher costs for transportation, road construction and pollution for society as a whole.

For example, up to 150 apartment units can be built per hectare compared with only 18 detached houses of conventional size (5,000 to 6,000 square feet). At this rate, we are consuming between 1,100 and 1,200 hectares of land per year in Québec for single-family housing. To build the same number of apartment units would require only 150 hectares.

In addition, average annual energy consumption for a three-bedroom single family home amounts to 26,000 Kwh compared with 17,900 Kwh for a three-bedroom apartment, representing a saving of 45%. This energy saving rises to 70% when two-bedroom houses are compared with apartments of the same size.

Although single family housing seems at first glance a poor choice for the long term, excessive density is not necessarily the ideal solution. High public safety costs (police and fire) connected with these developments have discouraged some municipalities from adopting them. Sensible architecture and harmonious city planning can, in some cases, alleviate the negative aspects of high density. Architectural design must fit in with the immediate surroundings and meet the needs of today's often heterogeneous and changing society without penalizing future generations.

Who should pay for these developments and how can they be financed? Should all citizens pay through the general tax system, or should only users be taxed? Are there mechanisms in place to harmonize development between adjacent municipalities? These are some of the questions raised by the concept of viable development, and the answers are not always obvious.

The realities of the housing market must also be considered. The passage of the post-war generation and the aging population has greatly changed and fragmented the lifestyle of Canadians as well as Quebecers. The trend towards home ownership in recent years in Québec has clearly emphasized construction of single family homes and this trend is likely to continue through much of the 1990s. The continuing rise in vacancy rates in Québec's urban centres in recent years reflects not only economic circumstances but also socio-demographic trends of a structural nature.

- **Adapt housing stock to changing demand**

The greatest challenge for city planners, who are preparing our cities for the next century, will be to adapt the relatively fixed housing stock to changing demand. Failure to recognize today's needs in order to satisfy tomorrow's urban development needs will doom any initiative from the outset. Households will choose housing based on their present needs and means, not on what planners or economists think they should do.

To sum up, although the notion of viable or sustainable development seems to be winning a growing number of followers, we are a long way from finding solutions to the problems it raises. The only certainty is that any solutions will be multi-disciplinary, taking into account socio-economic, ecological, urban planning and political factors.

QUESTIONS AND COMMENTS

Question from a builder about recovery in the resale market and its repercussions on new housing.

Mr. Trinh Recovery in the resale market will have repercussions on new housing in that people who sell their old house will buy a new one; this will stimulate recovery in the housing field, particularly in the $150,000 range. What will drop particularly next year will be semi-detached and row houses, and in that segment of the market, more care should be exercised in 1992 in the absence of government programs to stimulate homeownership for first-time buyers.

Question from a builder's association representative about the anticipated 13% drop in housing starts. What with the various taxes and the price of land, won't we see an increase in semi-detached and row houses?

Mr. Trinh If you take a look at who is buying, with the uncertain employment situation, particularly for the young households that would be most likely to find such products attractive, they turn out to be people who already own a home and want to move up to a more expensive one. In the long term, experiments like the Grow Home will attract first-time buyers, but the current surplus of semi-detached and row houses probably means that this market will not show any recovery.

Question from an architect about the accuracy of figures on capital investment for renovation as compared with construction, with a related question on the black market in renovation.

Mr. Soucy The Statistics Canada figures are accurate for 1990, and adjustments are made regularly from the economic accounts of Québec and Canada. A fair amount of data on renovation slips through, since not all renovations go through the normal system. Our data on mortgage credit for renovations concern applications for large mortgage credits where a building permit is required. In short, the figures are definitely on the low side, except for large-scale jobs; however, the capital investment is in general fairly accurately described, because it doesn't necessarily bear any relation to the way the workers are paid.

Question about changes in interest rates, which may fall below 6%.

Mr. Soucy Rates will not descend to the 6% of the early 1950s and 1960s; for next year, one-year mortgage rates will be around 8% and five-year rates around 9%, starting in the first quarter. It is certain that the rate of inflation will drop a good deal, but we must keep the external environment in mind, with regard to the United States. The spread between Canadian and American interest rates was greatly reduced in 1991, and in the context of a balance of payments deficit, there is not much room to manoeuvre. However, if inflation stays at 2% or under in 1993 and 1994, we could see mortgage rates on the order of 6% to 7% for a one-year mortgage. Still, central banks will exercise extreme caution before getting to that point, especially in 1992, with a recovery in which a rise in American interest rates is to be anticipated.

Question from a real estate promoter about recovery programs, such as "Deal Estate", which tend to encourage urban sprawl. Could CMHC set up such homeownership programs on a sectorial basis and, through mortgage insurance, particularly favour families who wish to acquire property in the city?

Mr. Trinh I think that this is primarily a question of consultation. Traditionally, people who decided to live in the suburbs didn't have to pay the full price for it. Currently, with regard to housing, the cost of road building is not charged to the people who benefit from the roads, and the entire population indirectly subsidizes people who live in the suburbs. CMHC cannot act alone; all the parties involved must pool their ef-

forts, which is not the case at present. As for programs, there is a tendency to neglect the factor of the pricing mechanism, which will regularize the situation to a large extent.

Question from a journalist about programs like "Deal Estate" and "AMI", which run counter to sustainable development.

Mr. Soucy I don't think that "Deal Estate" was launched from the point of view of encouraging homeownership. The intention was to foster the recovery of the construction industry, and this may indeed run counter to sustainable development. Vacancy rates have been very high for three or four years, as Mr. Trinh said.

Mr. Trinh I agree. The objective of "Deal Estate" had to do with the short-term economic situation, while sustainable development has a time frame of 10 to 30 years.

Question from a builder about offsetting of the drop in the number of housing units by the increase in property values.

Mr. Trinh First, there will be a drop in terms of units, but at the same time, we will see a shift in the type of houses for which there is a demand. In terms of value, there have been no calculations to find out whether the increase in property values would compensate for the drop in the number of units built.

Question about the drop in the birth rate and the aging of the population, which will affect the type of housing in future years.

Mr. Trinh First, the drop in the birth rate will certainly have an effect on the demand for housing in the long term. CMHC has developed a prediction model that indicates this decrease in demand. The baby boom phenomenon had two types of impact on housing. When you first approach the housing market, you tend to rent rather than buy; as a result, the end of the baby boom will be felt first in the rental market. In the 1960s and 1970s, we witnessed construction of a large number of rental units to meet this need; small apartments, studios. With the demographic shift, this is precisely the type of housing that has the highest vacancy rate. So the problem is not just a function of the economic situation but also structural in the long term.

As for the aging of the population, it is true that a fair proportion of elderly people have returned to rental housing, but for the time being, the majority still stay in their old homes. There is currently some potential in this segment of the market, but we have to make the distinction between need and demand. 80% of the elderly in Québec are living on government pensions, and thus cannot afford to pay more than $700 to $800 per month for housing. As for residences for the elderly which cost $1000 or $1200 per month, the whole question is to know whether the clientele can afford this type of housing.

SUMMARY OF SPEECH

The Social Dimension: The Third Essential Element of Sustainable Development

Robert Lajoie

Sustainable development: a changing concept and a mainly urban issue

Between the United Nations conference on development in 1972 and the publication of the report of the Brundtland Commission in 1987, the concept of sustainable development underwent significant changes, and its relevance to cities has been increasingly recognized. But cities are not simply economic areas or ecosystems; they are also increasingly polarized societies in which a minority lives amidst abundance and control decision-making, while a growing number of citizens are facing poverty, marginalization, and crime. This situation is morally unacceptable and potentially explosive. Think of what it is already costing in economic and social terms, but also think of the price we will have to pay if the trend continues. Contrary to what is widely believed, the welfare state has not made us immune to these problems. In Canada, there are already more drug-related crimes committed per capita than in the United States; our homicide rate is significant, and our suicide rate is one of the highest among the OECD countries. Moreover, while in 1987, the 20% of households with the lowest income shared the same percentage of the national product as in 1981 (5.2%), during the same period the 20% with the highest income saw their share rise from 39.9% to 41.9%. This is additional proof that the middle class is receiving a smaller slice of the pie. In some neighbourhoods we can observe rejection of persons who do not belong to the same social or ethnic group. All this serves to illustrate the problem of equity with which our society is faced.

Equity: an essential component of sustainable development

Sustainable development is more than a compromise between the economy and the environment. It is a plea for a global approach with a long-term perspective, a plea for social equity. Planners, lending institutions, and those who build housing all have a decisive role to play. Our prime duty is to be well informed, to pay particular attention to changes that affect the demographic configuration of our cities. In particular, consider the growing number of single-parent families, the aging of the population, and the upsurge in immigration. It is also vital to consult the residents themselves about the methods to be used to make our cities more equitable, more hospitable, and more favourable for development.

Sustainable development initiatives

A number of Canadian cities have already demonstrated their willingness to move in the direction of sustainable development, as proved by the "Habiter Montréal" policy, the "Main Streeting" project developed in Toronto, and Vancouver's "Housing Above Shops" program. All these initiatives are integrated, have been achieved through partnership, and take into account future needs. Moreover, they are a departure from the conservatism that has often dominated the housing field in Canada. CMHC is also constantly looking for innovative solutions to housing problems. Among its recent initiatives, we might mention the Healthy Housing competition, the Affordability and Choice Today program (in collaboration with the Canadian Home Builders' Association and the Federation of Canadian Municipalities), the "L'Art de Vivre en Ville" architecture competition, and the "Making a Molehill out of a Mountain" project, the goal of which is to reduce, reuse, and recycle construction waste as much as possible.

Changing our institutions and our mindsets

Sustainable development of course entails immediate costs, but the costs of non-sustainable development are likely to be greater in the long run. As parties involved in housing, are we ready to commit ourselves to sustainable development, to meeting new needs even when new products arise to challenge us? Are we willing to lend to people who have less? And as citizens, are we ready for change? Are we capable of redefining our social values and adopting a genuine code of environmental management? Are we ready to promote more equitable division of income and truer equality of opportunity? Are we ready to combat the "not in my backyard" syndrome? And on the international level, are we ready to work toward development of a more just economic order? I sincerely hope so.

TEXT OF SPEECH

The Social Dimension: The Third Essential Element of Sustainable Development

Robert Lajoie

I am very pleased to participate in "Perspectives 92". As you know, the Quebec regional office of Canada Mortgage and Housing Corporation organized last year's "Perspectives 91" a forum which dealt with home ownership.

The degree of success of this initiative led the regional office to repeat the experience and this year the forum will focus on sustainable development.

What is sustainable development? Essentially, this means meeting the needs of the present while taking into account the needs of the future. This means managing our resources so as not to compromise development for those who will follow in our foot steps.

This is a challenge which necessarily involves social, economic and environmental dimensions, with overlapping and sometimes even contradictory objectives.

The social dimension of sustainable development, which is probably the least tangible of the three, is basically a philosophy founded on responsibility. Responsibility vis-à-vis our own future and that of future generations; responsibility vis-à-vis the most vulnerable within our own society and also vis-à-vis other parts of the world which do not have access to the same sources of development as us.

- **Sustainable Development: An Evolving Concept**

These fundamental principles were set forth for the first time in 1972 in Stockholm at the United Nations Conference on Human Environment. This conference was the first international forum to deal with the linkage between economic growth and protection of the environment.

This meeting marked the emergence of a new vision of the environment which went far beyond the simple notion of a struggle against the pollution to deal with the very topical concept of "Quality of Life".

It was four years later, moreover, in 1976, when, at the initiative of Canada, the United Nations Conference on Human Settlements was organized in Vancouver.

This meeting dealt in particular with the linkage between urbanization and the environment and directly broached questions such as housing, quality of air, health care, employment and education.

In the wake of these initiatives, in 1987, the Brundtland Commission Report was published entitled "It's our future" which advocated the notion of sustainable development. This report was extremely important because it provided us with real avenues of action, and clear principles on which to base the latter.

- **Sustainable Development: A Largely Urban Issue**

The challenge of sustainable development is basically urban in dimension. This is easy to understand. By the year 2000, more than half of the world's population will live in urban communities. These cities are the essential motors of economic development but it is also in these cities where resource consumption is concentrated, resource consumption which affects the whole planet.

The urban population puts extraordinary pressure on resources such as water and energy, quite apart from the unbelievable sums of garbage which it produces daily, and which it must get rid of.

In such a debate, we must remember that we as Canadians are the largest con-

sumers of energy per capita in the world. Since we use "Clean" hydroelectric and nuclear energy, our emission per capita of carbon dioxide attributable to energy consumption is 20% lower than that of the Americans. However, our emission rate is 2.2 times higher than that of other countries of the OECD, and 3.6 times the world average.

Municipal infrastructures, everywhere in the world, are also exposed to unprecedented pressure, and in many cases, they are in an advanced state of deterioration.

This is particularly true here in Canada. For example, the zones of urgent repairs in our water distribution systems increased from 17 to 30 per one hundred kilometers, over the past 15 years. Moreover, during the same period, our sewage systems have also deteriorated, with 17 zones of urgent repairs per one hundred kilometers now as opposed to 6 fifteen years ago. In fact, some 8 million Canadians still live in municipalities where there is no water treatment system.

Thus, on an economic as well as an environmental level, the urban environment is at the very heart of the challenges involved in sustainable development.

But cities are more than just economic spaces and ecosystems. They are also social environments where, increasingly, two parallel worlds exist: on one hand, the affluent society which consumes most of the resources and which has a practical monopoly on decision making; and the other, an increasingly poor society characterized by marginality, homelessness, criminality and drug abuse.

This type of socially dislocated structure is, to a great extent, the direct consequence of short term development, for which we are all more or less responsible. Such a situation, in addition to being morally unacceptable, on the long term, presents enormous risks for the balance of society as a whole, as well as for economic and environmental progress.

Let us reflect for a minute on what the concentration in our cities of large pockets of poverty, illiteracy and criminality represents in economic as well as social and human costs. Let us reflect on what this is costing us today and on what this will cost us tomorrow if the trend continues and increases.

We tend to think that the welfare state has somehow immunized us against this problem. Well, it's time to take our blinders off!

According to a study published this year by the United Nations, in Canada per 100,000 residents, more drug related crime are committed than in the United States. Our rate of homicide per 1,000 people exceeds that of countries such as France, the Netherlands, the United Kingdom, Japan and Australia. And our rate of suicide per 1,000 residents is among the highest of the countries in the OECD.

What such statistics reflect to a large extent is a problem of equity within our society. The fact of the matter is that "quality of life" is a very hollow notion, indeed, if everyone does not have access to it, if it is not based on real equality of opportunity for all members of a society.

Despite what we may think, in Canada, we have a lot of work to do in this area. Let me give you an eloquent example. The 20% of households with the lowest revenues in 1989 had the same share of the national revenue as in 1981, i.e. 5.2%. During the same period, the share of the national revenue of that 20% of the households with the highest incomes increased from 39.9 to 41.9%. Who is picking up the tab for this? The middle class.

This type of polarization is also evident in many of our districts where those who do not belong to the same social or ethnic class are clearly rejected. We will have to get rid of this other manifestation of the "NIMBY" syndrome, if we intend to establish an acceptable degree of integration in our cities.

- **Equity: One Essential Dimension of Sustainable Development**

Sustainable development is often erroneously presented as a kind of compromise between the economy and the environment. In fact, it is much more than that.

The Brundtland Report does not propose that a fine line be drawn between economic development and protection of the environment and that this arbitrary line be respected by all. Its proposal is rather for a global approach focused on the long term.

The Brundtland Report asked us to broaden our vision, to look beyond our own immediate interests and to evaluate the consequences of our actions before taking them. This report, most important of all, stresses that sustainable development will not be possible unless more equity exists between individuals, social groups and countries.

What sustainable development requires of us, in the final analysis, is to show more forsightedness than we have to date. If we refuse to adopt this approach, on the long term we are exposing ourselves to very serious consequences for our economy, our environment and our social equilibrium.

In our capacity as planners, lenders or house builders, we all have a determinant role to assume in this scenario.

Our first duty is undoubtedly to become informed, to know our cities better, their social realities and their residents' needs. And this means the needs of all the residents.

In this regard, we must be particularly aware of new phenomena which are substantially modifying the demographic configuration of our cities. Among these phenomena should be mentioned:

- the high number of single parent families. In 1971, less than 7% of Canadian households were single parent families. At the turn of the century, single parent households will represent over 9.3%. These families, often in dire financial straits, are putting unprecedented pressure on the demand for affordable housing, a trend which is putting an increasingly large burden on the housing stock and on public funds;

- the aging of the population. In 1971, 8% of Canadians were 65 years of age and older. Today, seniors represent nearly 12% of the population and this proportion will increase to 15% by the year 2011. This new situation requires that we provide, for the elderly, adapted housing, equitable access to essential services and, in general, the mechanisms allowing them to enhance their independence;

- and lastly, immigration. A phenomenon with repercussions on all industrialized countries but the large scope of this phenomenon in Canada is relatively new. Between 1976 and 1986, Canada received under 110,000 new immigrants per year. Today, this number is twice as large and should increase, in the near future, to 250,000. This represents an enormous challenge in terms of integration. In fact, we have to avoid, at all costs, the situation where ghettos of underprivileged people are created, which are often sources of social injustice and criminality.

- It is essential that we take into consideration this new data. It is particularly essential that we consult globally with the residents concerning their needs, to make our cities more equitable places in live in, more hospitable and more conducive to development.

- **Sustainable Development Initiatives**

The challenge of those working in the field of housing is to jointly produce forms of urban development to make cities more viable on economic, environmental and social levels. Cities where the consumption of resources is more efficient, where better and more intense use is made of space.

All this to produce cities where housing is accessible, affordable and effectively meets the needs of residents.

There already exists at the present time, in numerous Canadian cities, a very evident desire to opt for sustainable development.

Even here in Montreal, the Habiter Montréal policy proposed measures designed to increase the population of the core areas and to offer real residential alternatives for families.

In Toronto, a project designed to encourage a greater number of people to live in the city core was set up. This project called "Main Streeting", could give rise to the creation of almost 100,000 affordable units in the very heart of Toronto. This is a project which involves both a control of planning, fiscal policies and social housing as well as an improvement in the infrastructure. It also is based on the participation of both the private and public sector in joint ventures.

A similar program, called "Housing Above Shops", is also very popular in Vancouver.

These initiatives are part and parcel of the sustainable development perspective: they are integrated in nature, executed on a partnership basis and take into account future needs. Moreover, they break with the conservatism which all too often has characterized the Canadian residential mindset.

As for CMHC, it is constantly on the lookout for innovative solutions which allow for easier access to housing, increased durability of housing and the effective use of space and resources. In particular I would like to remind you of certain initiatives which we have taken in this regard.

Let us mention first of all the Healthy Housing Design Competition which CMHC launched recently. The objective of this competition is to develop housing which corresponds to the requirements of sustainable development, without having to sacrifice affordability or healthy interior living conditions.

This competition in particular focuses on making better use of already existing urban spaces. The healthy house design criteria must include quality of air, durability, energy efficiency, environmental responsibility and economic viability. The models which we have received to date are very encouraging, both from an innovation as well as from an efficiency point of view.

The second initiative is called Affordability and Choice Today. This project is set up by CMHC in collaboration with the Canadian Housing and Renewal Association, the Canadian Home Builders Association and the Federation of Canadian Municipalities.

One of its objectives is to rationalize and reduce the regulatory process associated with construction and with renovation of housing so as to make the purchase of a lot and house more affordable.

I would also like to mention another CMHC initiative, the project Making a Molehill Out of a Mountain, designed to reduce the environmental and economic cost involved in residential construction. Its objective is to assist builders in reducing, reusing and recycling construction waste as far as possible. This initiative is of capital importance, considering the fact that the construction of merely one housing unit generates approximately 2.5 tons of waste material of all kinds.

Lastly, allow me to talk to you briefly about another joint initiative involving CMHC, the Québec Housing Corporation

and the City of Montreal. This is the architectural competition called "L'art de vivre en ville".

The goal of this competition is to promote the development, in the core area of Montreal, of residential concepts suitable for the needs of families. This competition is the first step towards the construction of three residential projects on vacant lots in the city core area.

- **Conclusion: Change our Institutions and Mentalities**

As you can observe, the implementation of sustainable development means that we have to break with a good number of established practices. It means that we have to use our imagination. This is not something which is optional; it is essential. We can no longer consider development as we have always considered it in the past.

It is certain that there are up-front costs for sustainable development. The price to be paid in rejecting this concept, on the long term, however, would be much higher.

That is why I am asking you this question: Are we ready, as parties intervening in the field of housing, to evolve in the direction of sustainable development: are we ready, as builders, to focus on the long term and to meet new needs in the field of housing, even if we are not familiar with certain new products and even if they represent challenges to our habits. Are we willing, as lenders, to have confidence in those with less?

And as members of social communities, are we ready to accept these inevitable changes, even in our own back yard?

In summary, are we willing to be the leaders of change? If so, the social dimension of sustainable development means that our decision making must be guided by certain fundamental principles. These principles must reflect an increased sense of our responsibility towards future generations and towards those who are most vulnerable in our society and in the other parts of the world.

Responsibility vis-à-vis future generations requires a redefinition of our basic social values. It involves the adoption of a code of environmental management. It also signifies the development of a wider planning framework, which can incorporate long term social, economic and environmental objectives.

Responsibility vis-à-vis those most vulnerable within our society means that we commit ourselves to a more equitable distribution of income. It requires that we offer better equality of opportunity, whether this involves employment, housing or education. It also implies the elimination of the "Not in my Back Yard" syndrome, as well as a much larger involvement of the communities themselves in the decision making.

And lastly, responsibility vis-à-vis other countries means, first and foremost, the restructuring of the world economic order which continues to accentuate inequalities between the north and south.

I hope that we will all be able, together in the near future, to affirm and realize this essential commitment in favor of solidarity, equity and responsibility.

Thank you very much.

SUMMARY OF SPEECH

Viable Urban Development for Montreal

Marcel Gaudreau

What is sustainable urban development?

Although the Brundtland Commission made a great contribution to popularizing the concept of "sustainable development", it was not very specific about the relation of this concept to the urban environment. Despite many useful initiatives, the concept of sustainable urban development has yet to be fully developed. Nevertheless, we can already define some elements that would constitute viable development for a city like Montréal. Most importantly, viable development must avoid wasting the resources of the built and natural environment or endangering the existence of these resources for future generations; it must also meet the basic needs of the resident population without affecting the ability of populations outside the city to satisfy their needs, and provide a better quality of life in terms of both the amenities present in the living space and the advantages offered by the socioeconomic framework. The real question to be asked now is how this concept can be reconciled with urban planning.

Problem of the urban environment

The urban environment is a space that has been transformed by human activity, occupied by a densely crowded population, in which resources and processes have been altered or even contaminated. It is a large consumer of natural habitats, within its own site and also in surrounding areas, from which it takes its raw materials and into which it often dumps the residue of its activities. It can be particularly affected by three variables, which I will illustrate here using the case of Montréal as an example.

- **The quality of the living space**

The quality of the living space is always to some extent subjective and does not easily lend itself to objective assessment. We can, however, recognize that certain components are particularly significant. This is especially true for the neighbourhood, the place we like to feel is ours, a place for identification and differentiation. Neighbourhoods, in particular old neighbourhoods, are responsible for a great deal of the social and cultural richness of urban life. It is vital, therefore, particularly in the downtown area, to ensure general safety and security and accessibility of various services, to preserve the heritage constituted by the built environment, and to maintain the wholeness of neighbourhoods. Moreover, the quality of Montréal life remains diminished by the persistence of a variety of nuisances and forms of pollution, against which we must continue to fight. For Montréal, using the exceptional potential of its natural setting to the fullest represents another major challenge. Finally, on a regional scale, "greening", recovery of the shoreline, reversal of the pollution of our waters, and reconstitution of natural ecosystems remain objectives to be pursued.

- **Urban form**

The current configuration of the urban area is the result of many decisions made over the years by many parties acting under a number of constraints, in particular those of the market economy. Development in the Montréal region is still very scattered, and in the present institutional context (MUC, Laval, many RCMs), it is hard to imagine the emergence of any consistent vision of the form the region should take in the future. But there has already been much criticism of the results of the urban area's scattered configuration and the effects of the car, which has made urban sprawl possible: large-scale waste of land and non-renewable resources, air pollution, expensive and unequally distributed public infrastructures, and loss of the structure of the city centre. As things stand, the omnipresence of the automobile constitutes a major environmental and planning challenge.

- **Crisis in the city centre**

A number of downtown Montréal neighbourhoods are experiencing serious problems of demographic imbalance, proliferation of special constituencies, high unemployment, and social and cultural deterioration, the effects of which are frequently combined with the effects of a deteriorating habitat. Paradoxically, the process of upgrading already at work in some of these neighbourhoods can create new problems for the most disadvantaged. Rehabilitation of the inner city must be carried out with respect for each neighbourhood's individual personality, and must be inspired by greater concern for social equity. Particular attention must be paid to the overall impact of environmental measures on the population affected.

Toward viable development in urban areas: a conclusion of sorts

It is urgent to provide cities with unified planning that encompasses the actual urban area. This can be accomplished by setting up consultation mechanisms that would allow all the parties involved to sit down at the same table. We must also amend our planning methods. In this regard, environmental impact assessment at all stages of the process seems to me to be useful, despite the often justifiable criticism levelled at it. At the government level, a radical change in attitude is essential, especially about issues of transportation and housing. As for builders, they need to become increasingly active partners in the achievement of viable urban development.

TEXT OF SPEECH

Planning for Sustainable Development

Marcel Gaudreau

In the first part of this talk, a definition of sustainable development in cities will be proposed, the relation of this concept to urban planning will be examined, and the principal approach to making the environment an integral factor in development, namely environmental impact assessment, will be discussed briefly. The second part will deal with the issue of the environment in cities and will examine three important variables. The talk will close with a presentation of some conditions and guidelines for achieving viable urban development.[1]

What is sustainable urban development?

The expression "sustainable development" appeared in the vocabulary of economists along with the rise and spread of a general awareness of the fragility of the natural environment. The idea was initially popularized by the International Union for Conservation of Nature and Natural Resources and its staff in the context of the World Conservation Strategy (1980), and then even more forcefully by the World Commission on Environment and Development (the Brundtland Commission), which published its report in 1987.[2] The report firmly emphasized the urgent need for nations to choose the path of sustainable development, since the very survival of humanity was at stake. According to the report, development and the environment must be brought into balance as quickly as possible by managing resources so as to ensure sustainable progress. Although it devoted a chapter to cities, the Commission did very little to develop an approach to sustainable development in relation to the urban environment. The concept of sustainable urban development, although currently popular and certainly related to real problems, does not seem to have progressed beyond good intentions and a few ad hoc initiatives. No one has as yet been able to support this concept with a coordinated, integrated approach, whether in terms of theory, methodology for understanding the real situation, or action. Far be it from me to deny the importance or interest of the measures that municipalities are taking to improve the environment, or the projects of the Réseau québécois des Villes et villages en santé (Québec network of healthy cities, towns, and villages). These initiatives are very useful, in particular because they contribute to increasing awareness about the environment. But we must not limit ourselves to them alone, as if our goals had already been achieved; we must realize that we need to go much further. The approach is still sectorial, ad hoc, and often dependent on the good will of those involved. In short, an effective approach to sustainable urban development remains to be developed.

- **A definition of sustainable urban development**

The first task is to come up with a definition of sustainable urban development we can all agree on. A semantic detail: during the remainder of my presentation, I will use the expression "viable urban development" (VUD). Viable seems to me to connote, much more than sustainable does, the idea of the quality of the development (and not just its duration), which is a particularly important factor in cities. In line with the Brundtland report, we can define a certain number of objectives for viable development in the Montréal urban area:

1 Some of the ideas presented in this talk came out of deliberations of an INRS-Urbanisation task force on the environment, which included Pierre J. Hamel and Pierre Lamonde.

2 The original report was tranalated into French and published in 1988 under the title Notre avenir à tous by Éditions du Fleuve and Publications du Québec.

- Development that avoids wasting the resources of the built and natural environment and does not endanger the existence of these resources for future generations.

- Development that makes it possible to meet the basic needs of the resident population (health, physical and economic security, personal development, comfort, enjoyment, etc.), without affecting the ability of populations outside the city to satisfy their needs.

- Development that provides a better quality of life in terms of the amenities and the advantages offered by the socioeconomic framework (access to community and cultural life, accessibility of socioeconomic services, etc.)

Now we must examine how this concept is related to urban planning.

- **Viable urban development and urban planning**

The environment has been a concern of urban planning since its early days; for this reason, the supposed newness of recognition of the problem needs to be demystified. Remember that by the end of the 19th century and the beginning of the 20th, the loss of natural features and the unhealthfulness of cities resulting from the rapid industrialization of the western world had already attracted the attention of social reformers, giving rise to utopian ideas about nature's beneficial influence on man and about new urban forms that would allow more room for greenery and clean air (garden cities and the public health and domestic sanitation movements). Early in the 20th century, Canadian urban planners joined the trend toward conservation, faced as they were with dwindling natural resources. In 1909, the Canadian government set up a commission for the conservation of natural resources that was also concerned with overall city planning. At the time, it was particularly innovative to establish a connection between the conservation of natural resources and urban planning; this connection is still topical. Even modern urban planning, firmly founded on the principles of the functionalist movement of the 1920s, valued giving greenery and fresh air back to city-dwellers. The Athens Charter, issued in 1943, is clear on the subject; it is no accident that its author, Le Corbusier, also designed the "radiant city" for Marseilles. What must be remembered is that the typical North American suburb is a debased product of these utopias and schools of thought.

After World War II, during a period of unequalled growth when energy was cheap and easily accessible, functionalist urban planners shelved environmental issues and concentrated on economic objectives and the pursuit of greater efficiency. The atmosphere was one of total euphoria, scarcely favorable to rational, controlled urban development with a concern for conservation and respect for the environment. The top priority was to avoid standing in the way of progress. It is no wonder that any available space vaguely near an urban area was seen as nothing more than room for development. Even social considerations were relegated to the background, if not simply ignored. Since the beginning of the 1970s, however, there has been a gradual return to environmental values and conservationist objectives in urban planning, with the focus on the quality of the everyday surroundings as an important factor in the quality of urban life. Today, we can observe the public's increasing sensitivity to environmental problems, in large part connected to the rise of the ecological movement in the western world. The concept of viable urban development represents the most recent version of concerns and debates about the health of city-dwellers and the healthfulness and quality of the urban environment that have been recurring since the late 19th century.

- **Environmental impact assessment in cities**

Environmental assessment was initially developed in relation to large-scale resource development projects, usually located far from urban centres. At present in

North America, it is the most widespread approach to including the environment in development. This approach, at first limited to the biophysical environment, was soon broadened in scope to include human concerns. Legislation on the environment has confirmed this dual view of the environment by normally requiring an assessment of the social impact of a project along with the impact on the natural environment.[3]

Although provided for in current environmental protection legislation in Québec, the procedure of assessing the impact on nature and society has in fact been applied to very few investment projects in urban areas. The only projects that undergo such assessment are those that present a risk to the health and safety of the population or have a direct impact on the natural environment (ports, wharves, major land transportation infrastructure, incinerators, dumps, filling of waterways, etc.). Residential projects do not undergo this procedure.

The environmental impact assessment, given some major limitations, should in no way constitute the only approach to planning urban areas, in particular if such planning is to be part of an approach to viable urban development. It has been blamed for coming after the fact, when the major decisions have already been made, and for occurring on an ad hoc basis. Moreover, it presupposes the existence of a consensus on what is desirable and what is undesirable; such an assumption is utopian, to say the least, in our pluralistic societies, particularly given the scale of an urban area like Montréal. Finally, the difficulty of assessing environmental impact must be stressed; even in the case of natural ecosystems, it is not always easy, so you can imagine what it represents in the case of human communities.

Still, I believe that it is useful to retain the environmental impact assessment procedure in conjunction with public hearings, and even to extend it to new projects in urban areas. Such exercises contribute to awareness of environmental issues and motivate the various interested parties and promoters to improve their projects. But the procedure's usefulness would be increased tenfold if it were part of a broader, integrated perspective. I will return to this later.

Urban environment issues

The urban environment, by definition, is a space profoundly transformed and organized by human beings and occupied by a densely crowded population. Urbanization profoundly affects natural processes and may destroy natural resources (such as soil, natural surface drainage, a large proportion of the flora and fauna, and natural landscapes), and also contaminates and pollutes some of these resources (air, water, and soil, for example). Even natural light is altered and reduced. Here and there, a few fragments of nature remain (woodlands, in particular), but their survival is uncertain (they are too small in area and are victims of various types of encroachment). Most green spaces have been reconstructed (parks and public squares). In short, the city is an enormous consumer of space and natural settings even within its own territory; moreover, the quality of the living space in the city tends to be defined less by natural features than by the components of the built or planned environment.

But the loss of natural resources and features and the deterioration of the environment affect a space that is much larger than the urbanized area. Damage to the environment can also affect sectors outside city borders: the area immediately sur-

3 Section 31.9 of the Environment Quality Act indicates that the government may "determine the parameters of an environmental impact assessment statement with regard, namely, to the impact of a project on nature, on the biophysical milieu, the underwater milieu, human communities, the balance of ecosystems, archaeological and historical sites and cultural property".

rounding the city, which is subject to strong pressure from development and too often considered a sort of overflow area for controversial or polluting activities; the surrounding countryside with which the city maintains relations; the resource regions from which it obtains its raw materials; and finally, the entire territory affected by the various forms of pollution whose source is the city. All these areas must be considered when the impact of the city's activities is assessed.

Let us focus our attention on three major variables that directly involve the environment in cities, using the specific case of the Montréal urban area as the backdrop.

- **Quality of life**

Cities in the western world have undergone remarkable progress in the 20th century. The disastrous living conditions which prevailed in industrialized cities until the turn of the century fortunately changed for the better, at least in the West. Technological progress, particularly in transportation and telecommunications, have made it possible for increasingly large cities to operate. This is not to say that a fabric of urban life was created which was problem-free, met all the needs and aspirations of the entire urban population, and eliminated or at least reduced damage to the environment. This optimistic view is all too often shown to be false: St-Basile and St-Amable still represent a danger, contaminated sites are scattered over the Montréal region, and the inequality between Montréal neighbourhoods is deepening all the time with regard to the socioeconomic level and the quality of life to be found in them.

The progress achieved has, moreover, often been to the detriment of the quality of other components of the environment. For example, the city produces a large amount of waste, which it tries to dispose of outside its borders for obvious health reasons, without concern for the effects on the environment at the receiving end, for example on waterways, the water table, and neighbouring populated areas. In other words, the strategies adopted by cities to create clean surroundings for themselves tend simply to move the problem somewhere else. The production and disposal of urban wastes constitute one of the major environmental issues at the moment.

What exactly is the situation regarding the quality of urban life in Montréal? This is a delicate question, since a large measure of subjectivity enters into any evaluation of it. It would take too long here to survey efforts to evaluate this quality according to various methods (comparison of indicators of the situation with the standards deemed desirable, subjective perception of individuals about their environment, satisfaction versus dissatisfaction of users with regard to their housing and habitat). But increased awareness about the urban environment in recent years has helped clarify specific components of that environment which strongly affect the quality of city life. First, there is the neighbourhood: this is the area that we like to feel is ours, a place for identification and differentiation. Neighbourhoods, in particular old neighbourhoods, form the sociocultural fabric of the city; their mosaic represents a major factor in the cultural richness of the urban area. Unfortunately, in suburbs more remote from the city centre, we are continuing to build a homogeneous, low-density habitat, strongly oriented around individual consumption; this type of habitat is unfavourable to any establishment of links with the community, flourishing of culture, or development of an awareness of the impact of individual behaviour on society as a whole.

The neighbourhood is also a place of security, especially for people with more limited autonomy, such as children, the elderly, and the disabled. Particularly in older downtown neighbourhoods, it is important to improve this security in the areas of pedestrian traffic, accessibility of a variety of services, and protection against fire and physical attack. It is absolutely essential to preserve the built environment and maintain the wholeness of neighbourhoods. Fortunately we are far from the large-scale urban renewal projects of the

1950s and 1960s, which consisted in cleaning out neighbourhoods, in other words bulldozing them, in the guise of modernizing them and making them more functional. But many neighbourhoods are still being affected by changes in their economy, social segregation, and transformation of the habitat, through gentrification, depopulation, and certain government initiatives to upgrade neighbourhoods, for example. I will return to the socioeconomic problems.

The quality of urban life in Montréal is diminished by the persistence of many forms of pollution, despite the real progress that has been made. The car constitutes the main source of pollution in cities, and at present constitutes the major challenge to city and regional planning. Take, for example, the problem of noise pollution which seriously affects cities: it is caused in large part by the transportation system. The proximity of highways and major arteries to residential areas poses nearly insoluble problems. The noise barriers that are installed at great cost (grass dividers, walls, rows of trees) are only palliative measures. The problem could have been eliminated at its source by unified planning that optimized routes or provided alternative means of transportation. The most serious problem is that some municipalities have allowed construction of housing too close to already-existing rights-of-way.

Nor can we ignore the problem of people who live in the suburbs and go through downtown neighbourhoods to get to work. The residents of such neighbourhoods experience many inconveniences as a result: pollution from car emissions and noise, threats to pedestrian safety, traffic jams on their streets. Moreover, cars occupy vacant lots, constituting a major source of visual pollution in the city centre. A symptom of the problem is the way cars invade areas where structures are being torn down (parking lots replacing demolished buildings).

Green spaces and natural resources have long been known to be major factors in the quality of the urban environment. In the actual practice of urban development, however, a thousand and one reasons have been found to make them disappear (lack of utility, potential for profit, costs of maintenance, and so forth). As a result, the natural environment in the city consists of a number of widely separated spaces: parks (natural or landscaped areas), residual woodlands (mainly on institutional or private property), and sometimes portions of the banks of waterways or land that is still used for agriculture (on the outskirts of the urban area). As for vegetation, some neighbourhoods in east-end Montréal are almost totally lacking in it. When we look at the exceptional characteristics of the Montréal urban area's natural setting, a chain of islands at the confluence of two major waterways, we can only deplore the destruction of far too much of its potential.

An enormous task must be undertaken on the scale of the entire Montréal region to recover and renaturalize the shoreline, reverse the pollution of waterways, reconstitute natural ecosystems, reestablish biological diversity, bring plant life back to the urban areas where it is most conspicuously absent, create green networks, safeguard residual woodlands, and implement other programs of a similar nature. While deploring the lack of coordination in the Montréal urban area and the region with regard to green spaces, we must recognize that certain encouraging measures have already been undertaken or are in preparation. Worthy of mention is the MUC program for establishing and managing regional parks (creation of seven parks with an area of nearly a thousand hectares). Despite obvious deficiencies in terms of location and accessibility, the regional parks remain one of the MUC's proudest achievements.

- **The form of the urban area**

The urban area has the form of a star with a number of branches that spread out from the centre, well beyond the natural barriers formed by waterways, with discontinuous, scattered urbanization outside the central urban nucleus (the scattering is at a maximum in the ring of suburbs around the city). The form of the Montréal urban area is the result of many decisions made over

the years by a wide range of public and private figures, acting within a system of constraints related to such factors as the real estate and land market, economic conditions, government control, and mortgage rates. Geographical limitations have been for the most part overcome by the construction of a number of bridges and highways that link Montréal Island to all points of the compass. In a situation characterized by division of local government and absence of any organization of the region as a whole, it could be said that the form of the Montréal urban area was determined by the rules of the market economy.

The creation of regional county municipalities (RCMs) in the late 1970s did not result in progress in city and regional planning. In addition to the MUC and Laval, ten or so RCMs are partly or completely within the boundaries of the Montréal region. These RCMs maintain a strictly local point of view in their urban plans, particularly in their rezoning of agricultural land for purposes of urban development. Moreover, they belong to subregions that extend far beyond the borders of the Montréal region (for example Montérégie on the South Shore). This institutional context further complicates development of a consistent vision of the form the Montréal region should take.

If we take into account that local municipalities have tended to impose very few restrictions, particularly on the location of residential developments, we can easily understand that the road system, implemented by a higher level of government (in the late 1950s) could exert a major influence in establishing the form of structures. Expansion of the road and highway system was a condition for the proper operation of the system of housing production. One of the Canadian government's major objectives with respect to housing was to ensure the financial accessibility of housing. The desire to make moderate-priced housing available on the housing market was based on a supply of low-cost land; this type of land was found on the outskirts of cities, on sites that the various waves of urbanization had pushed farther and farther out from the centre.

A number of objections have been expressed regarding the scattered form of the urban area and regarding the car, which is the factor that gives it its structure. We might mention land waste on a very large scale, leading to permanent loss of agricultural land, green spaces, natural sites and natural resources; the waste of non-renewable energy and the air pollution that affect not only the air above cities but also world climate, by contributing to the greenhouse effect; the development of low-density residential sectors that result in large costs to the community for infrastructures and services which are unevenly distributed; and the loss of the demographic and socioeconomic structure of the city centre. To sum up, cities have become extremely dependent on the private automobile, and its omnipresence today constitutes a major environmental and planning challenge for all urban planners.

- **The urban crisis: crisis in the city centre**

The demographic and socioeconomic problems which are having such a serious effect on Montréal's downtown area cannot be dissociated from development trends in the urban area as a whole, especially since we seem to be entrenched in a situation of limited growth for the next while, in which we will wind up fighting over the same slice of pie. If the viable urban development approach receives general approval, we will have to be resolute in solving the crisis of the downtown area; the solution of social problems also constitutes a major challenge that this approach to city planning must meet.

Independently from the economic situation which may exacerbate or palliate the difficulties, a number of neighbourhoods in the centre of Montréal are experiencing serious problems of demographic imbalance, proliferation of special constituencies, integration of immigrants, and social and cultural deterioration, the effects of

which are frequently combined with the effects of a deteriorating habitat. Paradoxically, a process of upgrading is at work in some of these neighbourhoods at the same time, creating new problems for the most disadvantaged and the least mobile, in particular the elderly.

These days, public measures to rehabilitate the downtown urban space and imbue it with new dynamism must be carried out within a perspective that is more respectful of each neighbourhood's own personality, and must be inspired by greater concern for social equity. In addition, the impact of measures to improve the environment and the quality of life on the populations of older neighbourhoods must be considered, especially if the costs of such measures are to be borne by the beneficiaries. In a broader context, government measures in the Montréal region must give top priority to the social impact they will have on the people of Montréal.

A conclusion of sorts: toward viable development in urban areas

In conclusion, I would like to emphasize the urgency of adopting the viable development approach in the urban region and at the same time dropping the obsessive practice of seeking ad hoc, short-term solutions determined by crises in particular sectors or in the overall economic situation. As the Brundtland Commission stressed, a change of approach is called for immediately, to attack causes and not just effects, and to consider the interdependency of the various problems.

The objective should therefore be to provide cities with unified planning on the scale of the actual urban area. One of the first conditions to be met in meeting the challenge is immediate institution of the urban leadership that is so cruelly lacking at present. Does this mean that we must suffer the agonies of a major reform of our institutions? Past experience teaches us that changes to decentralized structures are painful and take a long time to bear fruit. It seems more realistic to me, at least initially, to put our trust in establishing consultation mechanisms that would allow the MUC, the various RCMs that are wholly o partly within the urban region, and the two higher levels of government to sit down at the same table.

We must also amend our planning methods. In particular, it would seem to be useful to provide for environmental impact assessment (of the physical and social environment) at all levels and stages of the planning process (rather than ad hoc assessment of individual projects). Urban planning professionals, for their part, in cooperation with local participants, must question their own practices in order to better incorporate the physical and social environment in their planning criteria.

At the government level, we must stress the importance of a radical change in attitude with regard to Montréal, especially in the areas of transportation and housing. Governments must be particularly careful to avoid measures that perpetuate the tendency of urban sprawl toward the periphery and decline of the city centre. To guide their own actions in the region, they would be well advised to set themselves guidelines somewhat in the same manner as the preferential urban planning option that the Québec government has already established for itself.

Finally, builders have shown that they can adapt to new situations and cooperate with designers to promote innovative projects or base their activities on home restoration. They must now agree to act as partners with public authorities in projects that fall within the objectives of viable urban development.

QUESTIONS AND COMMENTS

Question by an urban planner: a connection is often made between sustainable development and densification. What are the costs of concentration? Is urban sprawl slowing down?

Mr. Gaudreau A great deal of attention has been paid to the effects of urban sprawl, without any alternatives really being proposed. In the Montréal region, a number of experiments are springing up which illustrate certain possibilities. In my opinion, the solution does not lie in densification, and I agree that concentration has its costs. The scientific literature in the United States leads to the conclusion that the costs of urban sprawl are not as clear-cut as those that can be attributed to concentration, which has other types of costs. It is primarily a society's choice, and we have to slow down the loss of agricultural land and natural spaces and be more imaginative in encouraging people to return to the city.

As for urban sprawl slowing down, demographic trends are developing in that direction, but this doesn't take into consideration the fact that the children who are born in outlying areas will stay there and will in turn become first-time buyers. The mechanisms of the market will lead them to move still further out on the periphery, where houses are even less expensive. There is certainly less pressure than in past years, but we still can't conclude that we are witnessing the end of urban sprawl.

Mr. Lajoie There is no pat answer. It will also depend on other factors, such as the overall consultation process in the planning of urban areas. It's the same for the suburbs, where drastic changes in the population are taking place. As for the social costs of densification, we have to add certain parameters: there are in fact other social costs to consider when a certain level of mixing and integration does not exist. There is room for a happy medium that is fairer than what we see at present in the way we plan our cities. Certainly there are measures that can be taken to encourage a certain level of densification, which could attract people from the suburbs to return to the city.

Question from an architect about the pertinence of CMHC's setting up new programs to help bring about sustainable development.

Mr. Lajoie In recent years, CMHC has certainly been playing a support role in ensuring that research and development on the subject were carried out and that the information was disseminated, while focusing on certain subjects and limitations that would allow people to make the best decision. I don't want to talk about a specific program, because I don't feel that's the solution. In past years, when decisions were made to close certain institutions throughout the country, an attempt was made to reintegrate the residents of these institutions into the community, where there would be better services and a quality of life that didn't exist in institutions. What happened was that the people who made the decisions didn't discuss them with others who needed to make decisions or set up infrastructures and staff to receive this clientele. The result was that we had on our hands a fair number of people who subsequently joined the ranks of the homeless.

All this is to illustrate the top-down effect, the effect of making decisions from the top down instead of laterally, together. In other words, consultation. At CMHC, we are currently attempting to make sure that all the parties meet around the same table. For instance, we have established the National Committee on Housing Research, on which all the various actors in the industry sit, including lenders, builders, social groups, municipalities, and the different levels of governments. The task of the committee is to decide on the research topics to be investigated in the future and to ensure that the results are disseminated. Another attitude we have abandoned is the tendency we saw in the 1960s and 1970s, where higher levels of government step in and throw money around to solve the problem. Decisions are made at the local level, and

you absolutely must give local decision-makers the chance to make choices on the basis of the available information.

Question from a builder about the lack of space in a city like Montréal for any attempt to establish green spaces, and the fact that sustainable development will thus be restricted to a form of urban planning consisting of integrating buildings into the architecture of a specific sector.

Mr. Gaudreau If we look at various designs proposed by architects, there is surely a way to find solutions. I am in favour of building on all the land in the central business district. But a number of cities in the western world have succeeded in integrating terraces and gardens into buildings. As for other types of green space, Montréal has proposed certain initiatives, such as the creation of green networks in built-up districts by using abandoned railroad rights-of-way. It is false to think that we can't restore green spaces. Look at the whole question of the tree cover, with several thousand trees planted every year.

Mr. Lajoie Without having to perform miracles, it is always possible to change the urban plan to be more in harmony with the natural environment. Here are some examples. We are currently reexamining some public housing projects subsidized either by CMHC or under federal-provincial agreements, to find ways of remodeling them to provide a better quality of life. We are also thinking about the use of land on which projects can be designed which offer an improvement in quality of life not just for the projects themselves but also for the neighbourhoods around them. Two projects in Vancouver in which CMHC is playing a role are Falls Creek (contaminated soil) and Granville Island, which have received worldwide recognition. We, in other words the province, CMHC, and the municipality, have been able, in the case of Falls Creek in particular, to accomplish something really good. Boston is another good example. But this was all accomplished through a partnership between the public and private sectors. When we talk about accomplishing things, I say that it doesn't matter what CMHC, the province or the municipality does; what we are talking about is accomplishing them not just by means of partnerships within the public sector, but by means of partnerships of the public and private sectors. And I mean affordable housing as well as market housing.

Question from a researcher in the municipal environment: I'm in favour of partnership, but as long as real or external costs are not included, we won't succeed in solving Montréal's dilemma. There must be a willingness on the part of the public to include these external costs in the price of housing.

Mr. Lajoie This is true in the sense that we have to take these costs into consideration. In the United States, the tax structure helps the partnership between the public and private sectors, which is not the case here. Just the same, a type of public-private sector partnership does exist here in Canada. CMHC has set up a centre that exemplifies this, which includes almost all the actors who are present here today. But I don't agree that a province or a city can do nothing except wait for external costs to be included. Moreover, these cities and provinces own land and have tools such as by-laws at their disposal. And they can ensure a certain type of housing within their territory and achieve sustainable development. Montréal's own "L'Art de vivre en ville" is a shining example.

Question from an urban planner about the pertinence for urban planners of drawing up plans by small sectors in order to emphasize the existing built environment, rather than going about it by large-scale overall plans.

Mr. Lajoie Over the course of time, we may have lost the concept of belonging to a well-defined neighbourhood and community. Even though I think that we need an overall view to plan a region, the experience of a large urban area in Canada, Calgary, I believe, has shown that decentralizing part of the decision-making, for instance the municipal budget, on the

basis of small units, has fostered better community spirit and the assumption of responsibility by the neighbourhood residents.

Comments by a planner about Montréal, which tends to encourage suburban communities and the exodus from the city.

Comments by a builder about the impossibility for Montréal of combating the exodus from the city, in light of what attracts young households, who really wish to exile themselves to the suburbs and don't care about subsidies.

Comments by an urban planner on urban plans where decision-making is not on the municipal level. He cites municipalities' illusion that they can control their territory, in light of the multiplicity of government intervention with regard to infrastructures such as hospitals, highways, CEGEPs, courts, and even conservation areas that fall under the jurisdiction of the Minister of Fish and Game.It's the major Québec government departments that need to sit down together.

Comments by another builder on the attraction the suburbs hold for young households. According to him, their major concern is to become homeowners, and the suburbs offer them the chance. They are also sensitive to the possibility of a better quality of life for raising their family. There is a vast amount of work to be done in the cities to convince them to change their mind.

Comments of a municipal official to the effect that the municipal tax structure puts municipalities in competition with one another. How can they hope to carry on fruitful consultation when each one is trying to get a larger share of the tax base?

Mr. Gaudreau Since the reform of the municipal tax structure, municipalities have reacted by changing their objectives, and are no longer interested in hearing about walk-up type apartments or moderate-priced detached houses. Suddenly everyone is looking at higher-value products, just to maximize the positive effect on the tax structure.

Comments of a former minister of municipal affairs: I had the floor for ten years; now it's my turn to listen. At one time, we adopted a measurement of municipal taxation based on the real estate value of the properties, which had the effect of placing them in competition with one another. When we say that drivers don't pay what it really costs for road maintenance or snow removal, and don't pay even the costs of pollution related to keeping the roads clear of ice, and don't pay for getting rid of used tires, we realize from these few examples alone that people don't pay very much for the privilege of going off to live in the suburbs. There is no surtax for the new schools that have to be built, while here in Montréal, schools have been closing for years. Unused public buildings are being rented out. The vacancy rate in hospitals is high. The list goes on and on.

I have been listening to the solutions proposed here. In that sense, the measures advocated in the recent municipal reforms are good. At any rate, they are good as long as it is Québec that will be deciding which road should be built or resurfaced, or how many police officers should be hired. In other words, road maintenance has been partly dumped back on local governments, but without necessarily giving them the power to decide on the level of service they want. Then too, it is much easier to build in a suburb than in Montréal. There are entrepreneurs who don't even want to hear about Montréal because of the long delays or archaic municipal regulations governing construction. The City of Montréal was very late in allowing types of construction that had long been permitted in the suburbs. To conclude, I would say that the force of attraction of the suburbs is one thing, but the force of repulsion of the City of Montréal is another.

SYNTHESIS

Louise Roy

What we want to do now is to collectively ask ourselves what short-term and long-term measures governments, financial institutions and the industry should take to undertake sustainable development while maintaining the economic dynamics that the industry generates. We want to identify a series of factors which could be set forth in the conference proceedings and which would represent your point of view on the issue. What in each party's responsibility in terms of concrete actions to be taken, and how can partnerships be developed? First, however, we need a summary of the statements and discussions of the day to refresh our memory and allow us to better approach this very important conclusion to the day. Since Mr. Robert Lajoie, who was supposed to be responsible for summarizing, was forced to leave in a hurry a few minutes ago, I will ask Mr. Gilles Gagnon of CMHC to act in his stead.

Summary Of The Day

Gilles Gagnon

First, the observation initially made by Mr. Divay: the housing sector has fallen behind other economic sectors in actual implementation of viable development.

Second, contrary to the original assumption that there were three factors in sustainable development, namely the economy, the environment, and the social factor, a fourth factor has emerged, i.e. an appreciation of diversity. These four factors could be expressed as follows:

The first factor: respecting the capacity of the environment to support development (cars, water, waste, noise, indoor and outdoor air, light, etc.)

The second factor: energy efficiency

The third factor: appreciating diversity, and what is perhaps the innovative aspect of this conference, the question of integration of neighbourhoods; creating and encouraging community spirit; encouraging a social mix and mixed land use, i.e. industrial and residential.

The fourth factor: the social dimension, with its connotation of quality of life and equity.

Third, it is essential to revise our attitudes. The foundation of sustainable development is a philosophy based on responsibility. The current dislocations in the structure of society are morally unacceptable and present long-term risks for society. It has been mentioned that this situation has both a social impact and an impact on government indebtedness. Equity is an essential dimension of sustainable development. It has also been pointed out that sustainable development is based on changing procedures rather than on adding new technologies as palliative measures, and that consequently, this form of development could generate profits for everyone.

Finally, the last point: the market will remain one of the driving forces of sustainable development.

Looking at the market, predictions for 1992 show a slow recovery that will be characterized by good availability of mortgage funds, a rapidly growing renovation market, high vacancy rates, and an increased demand for houses for second-time buyers.

To sum up, there will be market opportunities in the area of renovation and conversion of rental properties to condominiums, as well as in more expensive houses.

There will thus be opportunities in both new and existing housing to start implementing housing that is more environmentally acceptable.

The industry already seems able to meet the technological challenge; some financial institutions have already begun to consider the constraints and also the advantages of this new market; governments

are supporting research and demonstration projects, and some have already developed policies on housing.

But there is a clear need to make the public more aware and more responsible in terms of future as well as present needs and to consider the real social costs, while taking into account the public's ability to pay.

It is felt that there is a need to improve overall coordination of the planning of the territory and to put an end to the fierce competition among municipal administrations to broaden their tax base.

Also, it is essential to review the effectiveness of municipal administrations in order to increase the industry's flexibility in finding innovative solutions and reduce production costs, both municipal and interministerial.

Finally, we ask whether the concept of the traditional single-family house is a viable one in the context of sustainable development.

Paths to be explored in the short term according to the speakers at the end of the meeting

Gérard Divay

Four points to be emphasized

First, in the very short term, we need better information on everything that is already available, such as new products, construction techniques, all of the concrete measures that can be taken from the standpoint of sustainable development. This information exists, but is often not easily accessible.

Second, we must multiply and publicize demonstration projects inspired by sustainable development. This should be done in all milieus, not just in the suburbs but also in old neighbourhoods, for new types of housing and for renovation of existing buildings. There can be no market demand for something that no one knows about.

Third, we must learn to enrich one another, in the material sense of the word. All sorts of parties have an interest in changing things, and if they learn to work together on concrete projects, they can all benefit.

Finally, and this may be the most difficult of all, we must learn to calculate the costs of our habitat from a long-term standpoint, individually when we buy a property, collectively at the municipal level, and hardest of all, as a society.

Gilles Soucy

I would prefer to talk about guidelines to follow rather than concrete methods. It is hard to anticipate the role of a financial institution in terms of sustainable development.

At Desjardins, we have made the environment one of our major concerns, to the point of establishing criteria with regard to commercial and industrial credit, so that choices can be made in terms of environmental protection. This concrete gesture can be emulated by other financial institutions to encourage development that is compatible with the environment.

Another fundamental point: achieving greater consistency and coherence with regard to urban development and overall management of the environment. Neither the competitiveness of municipalities on the issue of the tax structure nor the competition between different levels of government are compatible with sustainable development. We have to eliminate the excess of short-term management.

The challenge even more crucial because it arises in an economic context of indebtedness that will require ten to fifteen years to absorb, which from the standpoint of sustainable development will require the collaboration of the private sector.

Marcel Gaudreau

I come back to my suggestion of creating a forum for consultation that would include the entire Montréal urban area. I would suggest giving public transport and the planning of the transportation system top priority on the agenda, so that the Québec government is not the only party to have a say in deciding on the main axes of future development in the region. I would also put agricultural zoning and protection of green spaces in the metropolitan region on the agenda. As for the higher levels of administration, I would consider termination of programs to subsidize homeownership to be the most pressing action with regard to housing policies, since they create discrimination with regard to types of housing.

As a corollary, there should be significantly more aid for renovation of old neighbourhoods, and the process of apply-

ing for funding for renovation should be simplified to provide an alternative to new housing.

Anh Trinh

In the very short term, it's what we've been doing today. The first thing is to get everyone to sit down together, including politicians, financial institutions, builders, etc., and to exchange views.

In the medium term, there is the question of education and increasing the awareness of everyone concerned, suppliers and consumers, so that they can think in terms of future needs.

In the longer term, we have to find a way to get the beneficiaries to internalize the real costs. At present, there is a tendency to indirectly subsidize or hide real costs; as long as people do not pay the real costs, they will continue to move to the outskirts, and this works against long-term sustainable urban development.

François Bernier

The striking thing is that there is no single solution, but rather a whole series of solutions, and it is to our advantage to use all of them, from metering and billing to developing new standards. I like Mr. Divay's term "to enrich one another", as it was used to indicate one of the goals of sustainable development and also an operational objective. When we look at municipalities, it would mean asking them to welcome new projects, i.e. reexamine their by-laws, and be open to new structures that would extend beyond the boundaries of municipalities. In the short term, it seems hard to imagine that a municipality would give up its capacity to decide what goes on within its borders and submit to the general will, but the concept of enriching one another can make the whole thing work. With regard to higher levels of government, there is one thing: when charging fees, we should never forget we have to leave consumers some spending room, since that is the only thing that will allow them to make a choice in favour of the environment when costs are equal.

More specifically, with regard to the housing industry, I was struck by the idea of packages. It would be interesting to examine the types of package, both in the area of renovation and in new housing, that could be offered to the public and specifically identified as such. In this regard, the idea of subsidies to support such packages should not be dismissed. Also with regard to the industry, a lot of progress still needs to be made in planning projects in a way that is more respectful of the environment, particularly when it comes to waste from residential construction. Finally, with regard to recycling, there are initiatives to take, and the industry seems ready to take them.

Comments from the assembly

University Professor What I was able to glean from today's speeches as a whole was a determination to make people assume their responsibilities, whether they be tenants or homeowners, so that they learn to perform their own cost/benefits analysis, to internalize the costs, as Mr. Trinh put it. To make government agencies and associations assume their responsibilities. All this with a minimum of government intervention and allowing the market to take the initiative. Governments should only foster the emergence of demonstration projects, since such projects truly mark out the path of the future. As Mr. Divay said, practical projects and applicable technologies. That would really be concrete aid.

Louise Roy **You have just provided the agenda for the next meeting!**

An urban planner From a standpoint of actual sustainable development, first we need to determine more precisely who is going to pay for it. Here are some suggestions: put tolls back on highways, make gasoline subject to new taxes, stop all direct and indirect subsidies to encourage homeownership, increase electricity rates to encourage construction of rental properties, and emphasize public transportation in order to make it easier to come back to Montréal.

An municipal urban planner In sustainable development, we talk about economy, environment and social development, but in the planning process, there is an attitude that hampers the emergence of imaginative solutions. Our planning is more of an evaluation: there is a small problem, we make a plan, we assess it from the point of view of the environment, the economy, the cost, etc.; the process isn't creative. Perhaps CMHC could subsidize research at this level. In its research document on sustainable development, CMHC demonstrates a relatively linear and very traditionalist process. You make up a series of plans, but you evaluate them at the end without knowing if what you have is the optimal plan in terms of the problem as a whole which is assessed at the environmental level. We mustn't forget that an urban plan is a compromise among a whole series of social, environmental and economic factors. CMHC should initiate research into the basic issue--if plans are assessed on the basis of standards, the standards must be integrated into the design, at the initial development stage. An example from the municipal milieu: the traditional way of implementing a project is to evaluate its profitability after the fact; at the beginning, you ask what forms of development are profitable and in accordance with the market, and whether they can be integrated into development. From the start, there is a fiscal orientation into which the development criteria fit. The same thing occurs with the environmental aspect. Once the environmental impact is assessed, the project is made to fit in with the initial fiscal orientation. We have to find solutions that are much more imaginative, and we have to change our attitudes.

Representative of the housing products sector I have observed that everyone here is looking at sustainable development through his own pair of glasses, through his own set of lenses. It seems to me, from my point of view, that the road to sustainable development is through development of housing. We operate within the mechanisms of the marketplace, and no one can be forced to buy anything he doesn't want. If we want people to buy in a way that fosters new developments, we have to reach them. This leads me to believe that the way to sustainable development will be through a new generation of housing, a whole new way of thinking about it. For instance, three examples have greatly helped Montréal. In the late 1970s, there was no way to develop anything at all; Montréal was full of rental housing, the downtown had become a no man's land. Condominiums made it possible to get people to move back to the city. Then came the 20,000 units operation, while Montréal was 90% made up of small housing units, which opened the door to new types of housing architecture which proved attractive to a large number of young families.

Just recently there was the concept of the Grow Home. Montréal thrives on diversity but continues to find itself in dead ends. The only way to maintain it at an acceptable level is to be constantly on the watch for new products and build them into projects that correspond to new lifestyles. I would like to come back to the Grow Home concept, which at the start was greeted with so much apprehension; once it was integrated into the Fontainebleau demonstration project, people fell in love with it. So, new packages, new projects, new kinds of dwellings, new organizations that will allow us to attain a form of sustainable development without subsidization, and this is important. Subsidies often just postpone the need to act. The road to sustainable development is through such demonstration projects.

Some important and very simple suggestions for Montréal, from the standpoint of sustainable development. If we want cooperation between private enterprise (owners of housing) and the public sector, the first major obstacle is the administrative burden. To get a permit for a simple renovation, you have to wait between three and nine months.

Next, we talk about encouraging people to move back into the city, but there is still a moratorium on co-ownership; lifting the moratorium would allow the conversion of rental units into renovated condominiums. And don't bring up the argument about the availability of rental housing when the vacancy rate is over 8% in Montréal.

Finally, we have to rethink the Rental Board, which controls the rental sector without taking into account the laws of the marketplace. This puts a damper on the rental housing industry, since ceilings on rent increases are so low that they discourage owners from investing in this sector and contributing to the improvement of a stock of rental housing that is in very poor condition.

These arguments are addressed to financial institutions and to Canada Mortgage and Housing Corporation, which must realize that these factors are completely at cross-purposes with the objectives of sustainable development.

In closing, I would like to suggest to CMHC that since it carries important moral weight in the industry, it should set up a forum for consultation that includes the three levels of government and representatives of the various sectors of the industry, a bit like what we have in this room, to make it possible to continue the positive exchanges we have had today.

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